FINANCIAL TIMES



Pinched

Squeeze on the middle class

John Plender, Page 9



WEDNESDAY DECEMBER 27 1995

Is slimming just a shot away?

Exhausted

The dangers of overwork

Management, Page 5

Hard times for coathangers

Page 12

Japanese jobless rate rises to a record 3.4%

Japanese unemployment hit a record rate of 3.4 per cent last month, putting the government under increased pressure to deliver recovery before elec-tions next year. The main features of November's rise - up from 3.2 per cent in October - were a sharp rise in unemployment among young people and a continuing fall in manufacturing jobs. Page 3

Russian bank taps west: Rossiysky Kredit Bank, Russia's fourth biggest bank by assets, is to become the first Russian commercial bank to borrow on Western capital markets. It is offering \$33.3m of bonds, in s deal arranged by Banque Indo-suez, as part of e \$100m programme. Page 11

High hopes for israel-Syria talks: Both Israeli ninister Shimon Peres and Syrian president Hafez Assad have expressed rare optimism about prospects for e new round of Israel-Syria peace talks starting in Washington today. Page 4



US admiral Leighton Smith (left, above), Nato's commander in Bosnia, refused a Serb request to postpone key deadlines for implementing a peace deal around Sarajevo. They had wanted Serb troops to be allowed to stay around the city to reassure Serbs living in suburbs due to revert to Bosnian government cootrol. The commander was paying his first visit to Pale to meet separatist Serb leaders, including Bosnian Serh parliament leader Momcilo Krajisnik (holding umbrella). Page 3

Yeltsin sets up policy body: Russian president Boris Yelisin set up a new policy body to assert his control over foreign relations. The Council on Foreign Policy will be responsible directly to the presidant. Recovering Yeltsin returns, Page 2

Floods hit KwaZulu-Natal: At least 120 people were killed and many more are missing in floods in Sooth Africa's KwaZulu-Natal province. The victims all lived in Imbali next to the Edendale black township outsida Pietermaritzburg.

Bumper year for buy-outs: UK management buy-outs flourished in 1995, with more and higger deals than in any year since 1989. More than £5.7bn (\$8.8bn) of capital has been raised for 111 large MBOs - transactions where the amount raised is more than £10m. Page 11

N Korea frees fishermen: North Korea released five South Korean fishermen captured in May. The gesture, coming when North Korea urgently needs food aid, removed one obstacle to the possible resumption of emergency rice shipments by South Korea. Page 3

Asian Bank planned: Some of Britain's most successful Asian businessmen bave put forward outline proposals for a London-based Asian Bank. A formal application for a banking licence is likely to be submitted to the Bank of England early next

Thai SEC chief sacked: Thailand's cabinet sacked Ekamol Kiriwat, respected chairman of the capital markets watchdog, the Securities & Exchange Commission, and dismissed him as a Central Bank deputy governor. Mr Ekamol's position had been shaky since he threatened to quit to preserve the commission's independence. Page 3

Kazakh move on land: Kazakhstan leader Nursultan Nazarbayev signed a law allowing pri-vate ownership of land. The move ends a debate over private property after decades of communism and paves the way for foreign investors to buy property in the former Soviet republic.

Russian traveler lost: One seaman was found dead and nine were missing after a Russian trawler sank in a storm off Norway. Another 15 sailors were rescued by another Russian trawler.

ireland woos graduates: Ireland is targeting students home for Christmas, hoping to woo graduate exiles back to the country to fill key vacancies. mainly in computers. At Dublin airport, the Inter national Network for Ireland stand has been open throughout the holiday period to distribute leaflets

Cricket: South Africa were 230 for four against England on the opening day of the fourth cricket Test at Port Elizabeth. The first three matches in the five-test series were drawn.

E STOCK MARKET INDICES | E STERLING

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Communists blamed as telecom deal collapses

Last-minute withdrawal by Italian state group Stet

By Chrystia Freeland in Moscow and David Lane in Rome

Russian government officials warned yesterday that the Communiats' election success had scared off western investors after the collapse of the country's largest foreign investment deal outside the oil sector.

The last minute withdrawal by Stet, Italy's state-controlled telecoms company, from a \$1.4bn investment in a Russian telecoms company has also left a big gap in the Kremlin's budget end renewed doubts about the country's shaky privatisation drive.

Mr Alexander Livshits, the president's senior economic adviser, said yesterday Stet's decision to withdraw was directly linked to the strong showing by Communists in the parliamentary elections earlier this month.

Mr Livshits said Communist politicians, who pledgad to revoke "unfair" privatisations during the election campaign, sbould be aware that "their shrill calls were heard everywhere in the world". Earlier this month, when Stet

won an international tender for a 25 per cent stake in Sviazinvest, a oewly formed Russian telecoms company, the deal was billed as the most impressive accomplishment of a government whosa recent privatisation efforts in other sectors have been widely

In contrast with the secretiva auctions this autumn for other Russian companies, the Sviazinvest tender was held np as a model of fairness and transparency which would bring the government Rbs1,900bn (\$413m) in revestantiel investment for the telephone company.
But on Monday, Russian offi-

cials announced that the deal had fallen through because of an eleventh-hour disagreement between the government and Stet over the

form of payment.
According to Mr Maxim Boyko,
bead of the Russian privatisation
centre which organised the tender on behalf of the government, the agreement collapsed because of Stet's insistence that its pay-ment for Sylazinvest be held in an escrow account until the Russian government met a number

of previously agreed conditions. In particular, Stet wanted the rights of the 85 regional telecoms companies which form Sviazinv-est to be clearly defined and was pressing for a clearer definition of Sviazinvest's relationship with Rostelecom, Russia's dominant telephone company and Sviazinvest's future competitor.

Mr Boyko said the Russian goverriment had offered e guarantee from the ministry of finance to buy back Stet's shares if the conditions were not met, but said that pledge had been insufficient

for the Italian company, Mr Boyko said Stet officials had not directly linked their tough stance with the Commnnist election triumph, but said "their position suddenly hardened" on December 18, the day after Russia's polls.

The last minute withdrawal from the Sviazinvest Is also e setback for Stet, which has been trying to shrug off a reputation as a high-bidding loser in telecoms privatisations. While in 1998 the group was beaten in privatisation offers in Hungary, this year it lost out in the Czech Republic and it has been excluded from the shortlist for a staka in Belga-





Motherland conservative party, and Bulent Ecovit of the Democratic Left party, shake hands yesterday before talks on a possible coalition in the wake of the weekend's elections. On the left, Tansu Ciller, the

Turkey's conservatives may unite to keep Islamic party from power

By John Barham in Ankara

The leaders of Turkey's conservative parties yesterday coalition government to keep tha Islamic Refah party from power. In Sunday's general election, Refah, which aims to overturn Turkey's 72-year-old secular sys-tem and establish an Islamic republic, becama the largest party in the 550-member parliament with 158 seats. In the last parliement, it hed 38 of 450

The conservative True Path former prima minister who Russian diamond deal, Page 2 called snap elections after the Editorial Comment, Page 9 collapse of her coalition alliance called snap elections after the

with a small leftwing party, won 135 seats, 30 fewer than in the previous parliament. Refah won the protest votes of Turks angry. promised to hury their differ—at the incompetence and corrup-ences—and ettempt to form a—tion of established political par-coalition government to keep tha —ties as the country struggles to emerge from the worst economic crisis in recent history.

Yesterday, after talks with Mr Mesut Yilmaz, head of the rival Motherland (Anap) conservative party, which won 132 seats, Mrs Cillar said. "Wa are positive about a coalition with Anap."

Although both parties agree on free market principles, hostility between the leaders has preleaders of two smaller leftwing for fresh elections within three parties - the Democratic Left party and Peoples Republican.

party (CHP) were prepared to join a coalition, though they An incoming government will face formidable economic diffi-

ruities. Inflation is accelerating and the government must repay about three quarters of its \$24.4bn domestic debt by May. ... Parliament is expected to convene next week, after which President Süleyman Demirel will hold formal talks with party leaders on forming a new government. If a satisfactory admin-

Mr Demirel may appoint a care-taker prime minister to prepare months. Mr Neomettin Erbakan.

"I need a couple of raincoats

cleaned overnight."

Refah's leeder, yesterday demanded that Mr Demirel offer him the right to form a government first. The people showed that the solution is Refah, not DYP or Anap," he said.

Mr Demirel has made clear

that be does not intend to call on Refah to form a goyernment. Financial markets were calm yesterday, with share prices on the Istanbul stock exchange recovering 5.3 per cent after falling 6.5 per cent on Monday. The exchange's IMKB index closed at istration cannot be assembled 41,584 points. The lira, Turkey's within 45 days of the election; inflation-bettered currency 41,584 points. The lira, Turkey's closed at 59,700 to the dollar - it

World stocks, Page 20

Exxon to start talks on Algerian gas project

By Robert Corzine in London

Exxon, the largest US oil group, is to begin negotiations with Algeria on e possible natural gas deal close to the site of a \$3.5bn project agreed by British

Algerian officials, keen to attract investment and win support from foreign governments as part of their effort to counteract a four-year old Islomist insurgency, said they had agreed with Exxon to negotlete e project in the south-west of the

Mr Ammsr Makhloufi, the industry and energy minister, said the Algerian government would like to see two or three major projects emerge in the In Salah area, which be said holds out the promise of big, undiscov-

He said the contract signed with BP on Saturday could serve as a "model" for future, foreign-funded projects to boost Algeria's gas exports to western

Algeria, which plans to expand beyond its traditional southern European gas markets to

> Continued on Page 10 Sea of sand, Page 4 to Improve internal management

Tokyo to change bank supervision system after crises

By Gerard Baker in Tokyo

Japan's finance ministry, stung by worldwide criticism of its handling of a string of disasters at Japanese banks, yesterday announced plans for a radical overhaul of its banking supervision system.

Measures included strengthening the ministry's inspection division, an early warning system based on tougher, objective criteria for banks' financial strength and greater use of external eudi-tors to examine banks' accounts. Meanwhile, the Bank of Japan yesterday announced it had begun a series of emergency inspections in the New York

branches of 10 leading Japanese The finance ministry's proposals will disappoint critics by being short on specific plans to tighten supervision and by not increasing disclosure requirements, a crucial failing et Japa-nese institutions in the last few

The ministry said the underlying principle of the measures was a commitment to end the cosy relationship between banks and thair regulators. At the same time, the proposals call for banks

CONTENTS

controls, and impose more report ing burdens on them.

These measures will introduce a fundamental change in our sys-tem of banking supervision," said Mr Masayosbi Takemura, the The main change is legislative

reform enabling the finance min-

istry to order corrective action if banks fail to satisfy objective criteria for key financial ratios. An early warning system will mean reguletors can insist on remedial action if banks fall

short of objective criteria for capital adequacy and other measures. Banks will also be given new guidelines on risk management and internal control mechanisms Overseas branches will be expec

finance ministry will be expan-ded from 420 examiners to about But there were no measures aimed at improving the limited disclosure of financial informa-

tion by banks. The Bank of Japan examiners

Continued on Page 10 Unemployment at record, Page 3

have discovered some defects in

ted to use external anditors, and the manpower of the banking supervision department of the

Say the word, and our valets will clean and deliver went chilling by morning. If II's had they'll press it with equal dispatch. We will polish your shoes with a virtues of touch, and if need he, even provide now laws-all with our compliments. And our naun touch, and it need to, even private now seems and before your 5:30 a.m. FOUR SEASONS HOTELS



Swedish dominant party losing ground

By Hugh Carnegy in Stockholm

Sweden's governing Social Democrats and the conservative opposition Moderate party are running neck-and-neck for the first time in almost 30 years of regular polling.

The poll confirms a steady erosion of support for the SDP. which has dominated Swedish politics for decades, governing the country for 52 out of the past 63 years, and underlines the difficult task facing Mr Göran Persson, the finance minister, as he prepares to succeed Mr Ingvar Carlssoo as party leader and prime minister in March.

The SDP and the Moderates the latter led by Mr Carl Bildt, currently heading the civilian arm of the international peace operation in Bosnia - each stood on 30.4 per cent support in a poll by the Sifo institute, published in the newspaper Svenska Dagbladet.

The poll follows the scandals and chaos that afflicted the process of finding a successor to Mr Carlsson, who is retiring. Mr Persson was second choice after Ms Mona Sahlin, the former deputy premier, who was forced to quit in a row over her

use of credit cards.
Since the general election in
September 1994 – when the SDP returned to power after three years in opposition, winning 45.3 per cent of the vote it has been forced to apply a tough hudgetary squeeze on the welfare state to overcome a crisis in the public finances.

The Moderates have risen sharply from the 22.4 per cent they won in the general election. This is in spite of the virtual absence from the domestic scene of Mr Bildt, who took over as the European Union's peace mediator in former Yugoslavia in June.

His role on the international stage, which he says will last another year, appears to have enhanced the Moderates' appeal. But the party hopes the poli is also a sign that its long-term aim of achieving closer parity in support with the SDP is bearing fruit.

The Moderates' free market economic policies - radical by Swedish standards - have been overshadowed by mainstream backing for the traditional egalitarian welfare policies of the Social Democrats. Even when Mr Bildt formed a rightcentre coalition in 1991, the Moderates had much less than

In the short term, Mr Persson can take comfort from the fragmentation of the smaller opposition parties, reducing the threat to the minority SDP government.

The Moderates' traditional coalition partners - the Lib-eral, Centre and Christian Democratic parties - are all in retreat. The Centre party has for several months been in an informal pact with the SDP. At the same time, the Left party and the Environment party are enjoying unprecedented levels of support - and there is no common ground between them

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Fear of Islam unites Turkish political rivals

Old adversaries appear to be burying the hatchet after the election, but there is widespread doubt that they can work together, writes John Barham in Ankara ew Turks expected their country's two main centre-right leaders to bury their deep differences so quickly and prepare to form a coalition government to keep out the Islamic radicals of Refah, the

biggest party in parliament after Sunday's election. The free market principles of Mrs Tansu Ciller's True Path party and Mr Mesut Yilmaz's Motherland party

are practically Identical - their rivalry stems mainly from the mutual dislike of their leaders. This animosity means there are considerable doubts that the two will be able to work together effectively, in spite of their statements

yesterday that they ere close to

forming a coalition government. In any case, few believe that a government united only by fear of Refah, a party dedicated to overturning Turkey's 72-year secular order, will be able to bring the political stability that has eluded the country for so long or command a consensus

for structural economic reform. There are deeper doubts, too. about the long-term dangers of exclusion from power of a political movement which is backed by more than a fifth of the population, and of the way a coalition might ignore the

simmering discontent among the Kurdish minority in the south-east. Most people expect continued economic disarray, with accelerating inflation, government overspending and rising unemployment. Inflation is above 80 per cent. Unemployment and underemployment and low wages have helped drive Refah ahead as an alternative to the estab-

Furthermore, a reminder of past political instability came at the weekend when the army, still very powerful in Turkish politics, warned secular party leaders against dealing with Refah. General Ismail Karadayi, chief of the general staff, said the armed forces were the "greatest insurance of the Turkish republic which is a democratic and secular

lished party system.

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|---|---------|------------|--------------------------------------|------------------|-------|
| | n tra E | LECTION RE | SULTS | | |
| | | | Votes | Percentage | Seats |
| Refain True Path | | | 5,970,603 5,367,242 | 21,32% 19.18% | |
| Motherland DSP | | | 5,505,591 4,103,275 | 14.65% | 75 |
| People's Repu Other perties Spoiled ballots | 30 200 | | 3,011,124° 3,812,779 1,053,847 | 10.75% | 60 |

state. The Turkish armed forces are the untiring guardians of Ataturk's reforms and principles". The army has staged three coups d'état since 1960, though few expect it to intervene again now.

Mrs Ciller is widely accepted to have emerged stronger from the elections than Mr Yilmaz, with three more seats, and will probably become the rallying point for a consolidated centre-right party. A coali-tion between True Path, the Motherland party and the moderate Democratic Left would provide a

majority in parliament. The insistence of Refah's leader, Mr Necmettin Erbakan, that President Süleyman Demirel give him the right to form a government is proba-hly little more than political posturing because the mainstream parties

However, Mr Mehmet Ali Birand, one of Turkey's most respected political columnists, warned yesterday. "We have to give Refah a place in society and oot exclude them from the system. If we do so, we will all

have said they will not work with

pay for it." He worries that if Refah is kept out of the political system, its supporters "will seek their rights in

other ways". Yet it is hard to see how a party which radically opposes nearly every aspect of modern Turkish society can be integrated into the system. Refah's administration of Istanbul and Ankara, control of which it captured last year, is more efficient than its predecessors, but it has not attempted to impose Islamic codes, as it promised to do if it took power

However, ordinary people have grown profoundly disillusioned with the horse-trading in Ankara. At polling stations on Sunday, few mentioned any positive reason for voting. A fifth of the 34.2m electorate either did not vote or spoiled their ballot papers - voting is compulsory, though enforcement is uneven and fines are nominal. A further 3.9m

voted for fringe parties, from the far-right National Action party (MHP) to the leftwing Kurdish nationalist Hadep party. None of these won any seats in parliament because they failed to take more than 10 per cent

of the national vote. Many fear that the MHP, which held 17 seats in the last parliament, may break up and its hardline rank and file resort to street violence. The same fear applies to Haden, which took four provinces in the south-east by campaigning on a peaceful solution to the Kurdish uprising Fight. ing between government forces and guerrillas of the Kurdistan Workers' party (PKK) has claimed about 20,000 lives in the past 11 years.

Who will speak for the Kurds now? Only the PKK, and no one wants that," one US analyst said. Mrs Ciller recruited several top officers from the security services to True Path and six have entered parliament, including Mr Unal Erkan, the former hardline governor of the south-east. The outlook for a political solution to the fighting now looks more remote than before.



Refugees carry white flags as they return to Gudermes after the city was seized back from Chechen rebels by Russian troops on Monday following heavy fighting

Recovering Yeltsin returns to rattled Moscow government

By Chrystia Freeland in Moscow

President Boris Yeltsin was discharged from a sanatorium vesterday and plans to spend the New Year with his family, a further sign that he is recovering from a mild heart attack two months ago.

But the Russian leader is returning to a government unsettled by the Communist triumph in parliamentary elections this month and mounting international concern over continued fighting in Chechnya.

Although senior Russian officials insist that the elections will not lead to a change in government policy, this week has brought several signs that reform-minded cabinet members could be replaced by more leftwing politicians.

The clearest indication of this trend was yesterday's res-Ignation of Mr Sergel Shakhrai,

ister. He was once a close associate of the president but is hated hy the Communists for his role in the collapse of the Soviet Union.

Mr Shakhrai, who resigned to take up a seat in parliament. is widely expected to be fol-lowed by Mr Andrei Kozyrev, the liberal foraign minister. who has also been elected to parliament. MPs may not

occupy government posts. On Monday, Mr Victor Chernomyrdin, the prime minister and leader of a pro-government party whose vote was less than half the Communists', said it was possible that Communists would be invited into the cabinet. Communist officials, however, have said their party has not yet decided whether to work with the current administration.

Growing nncertainty at home has coincided with a renewed burst of international

In Chechnya, where a war to cent of the vote, followed by subdue separatists has dragged on for more than a year.

On Monday, Mr Klaus Kinkel, the German foreign minister, wrote to his Russian counterpart appealing for a ceasefire in the region. After several months of relative calm, fighting flared again this month, when separatists took over Gndermes, Chechnya's second largest city, for several days in protest against the Russian government's effort to

hold local elections. More than a week after polls closed. Russian officials have released full preliminary results from the December 17 perliamentary elections. In the proportional representation voting, which allots 225 of the 450 seats in parliament, Com-munists woo 22.31 per cent of

Mr Vladimir Zhirinovsky's ultra-nationalist Liberal Demcratic party gained 11.06 per the pro-government Our Home is Russia led by Mr Chernomyrdin, with 9.89 per cent. The reformist Yabloko came fourth with 6.93 per cent. No other party cleared the 5 per cent harrier to win the right to seats in the proportional representation half of the parlia-

The final figures suggest that the Communists, who won 58 of the 225 seats alinted according to first-past-the-post contests, will control almost 160 seats in the new parliament. Together with the closely allied Agrarian party, which won 20 single-mandate seats, and other more radical leftwing parties, which won a total of 10 seats, the Communists may be able to form a leftwing coalition of at least 190 deputies, and may even be able to win over ecough of the 77 independent MPs to form a majority bloc in parliament.

Russian diamond deal on the cards

De Beers accord looks more likely, writes Kenneth Gooding, Mining Correspondent

The chances of two of the world's biggest diamond producers, Russia and the South African mining group De Beers, renewing their exclusive International marketing contract have improved signifi-

This will ease worries in the market, which for months has been unnerved by the prospect of Russia ending Its relationship with the international diamond cartel organised by De Beers and the possibility of a

subsequent price war. The present five-year contract. worth at least \$1bn (£650m) a year to Russia, was scheduled to end next Sunday. De Beers seemed reluctantly to have prepared itself for Russla leaving the cartel but the Russians have now asked for, and been given another month to see if a new deal can be worked out.

In the meantime, De Beers's De Beers, with a huge sum London-based Central Selling Organisation, which accounts for about 80 per cenl of world trade in rough or uncul diamonds, will continue to have exclusive international market-

production. Relationships between Russia and the South African group have been strained for two years. De Beers claimed Russla was selling diamonds worth about \$1bn a year directiv to the west in contravention of its contract with the CSO. Russia may sell 5 per cent of its production outside the cartel for "market testing". It wants this increased because some officials believe Russian stones will fetch at least a third more if sold independently of the cartel.

Russia has also asked for other changes to the contract. invested in the CSO's diamond stocks, which also cost a great deal to finance, is reluctant to give way for fear that other members of the cartel will want similar concessions.

In July it realigned prices, lowering those for smaller rough diamonds by up to 15 per cent and increasing those for bigger diamonds. This was followed by a further 5 per cent rise in price of diamonds over two carats in weight. The Russians were concerned, as the reductions mainly affected diamonds being sold by the Russians outside the terms of the CSO agreement.

One industry observer, who asked not to be identified, said yesterday: "The contract with the Russians has given De Beers a great deal of aggravation for at least two years. But

edge of the abyss, looked over the edge and did not like what they saw. The prospect of immedialely losing the \$100m of income a month from the CSO is concentrating Russian

the Russians have gone to the

Two weeks ago, De Beers surprised the industry by reporting that the CSO's sales reached a record \$1.5bn in 1996 and that the recent price increase for large stooes had been "well accepted". Nevertheless, uncertainties about the Russian situation caused De Beers to continue the quota system imposed on all CSO suppliers since September 1992. The CSO will buy only 85 per cent of the diamonds it meviously agreed to take from producers in the cartel.

Some observers argue that the Russians offer little threat to the market, as there are indications their production is falling and their activities this year in the free market suggest their diamond stocks are down to modest levels.

However, Mr Michael Conlson, analyst at Nedcor Securi-ties, part of the South African banking group, suggests the Russian action "could just as easily reflect a belief on the Russian side that there is a good chance they will not be able to sign a new agreement with the CSO and consequently they will have to go it

"In such circumstances," he said, "it would make sense for them to have a full and marketable range of goods avail-able for sale outside the CSO on a reliable and regular basis. Il could thus be argued that they have been tailoring their sales and stock disposals this year towards this end."

EUROPEAN NEWS DIGEST

Serb plea for Sarajevo delay

Bosnian Serb leaders yesterday urged Admiral Leighton Smith, US commander of the international peace force in Bosnia, to delay placing Serb-held parts of the capital,

During a visit to Pale, the Bosnian Serb stronghold above Sarajevo, Admiral Smith pointedly avoided meeting Mr Radovan Karadzic, Bosnian Serb leader, or General Ratko Mladic, his commander, who have been indicted as war criminals. After talks with senior Bosnian Serb officials, he said they had urged a delay of between three months and a year. "I didn't say Yes or No." he said, adding that he had told Serb leaders that, as Nato commander, he was empowered to consider their request.

The peace agreement reached last month reunifies Sarajevo under government control. Serbs in Serb-held parts of the city have warned they will flee, fearing for their safety under Moslem rule. "The Dayton agreement on Sarajevo is not a just solution... a great number of people want to leave," a Bosnian Serb official said yesterday.

Meanwhile, in Orasje, north-eastern Bosnia, the first US combat unit crossed the Sava river from Croatia into Bosnia by barge. Army engineers will huild a pontoon hridge there to allow combat troops who will be stationed in northern Bosnia Laura Silber, Belgrade.

Spain likely to vote on March 3

A Spanish general election now looks almost certain to take place on March 3, coinciding with regional voting in Andalucia. The date for the Andalucian poil was announced yesterday, and Mr Felipe González, the Spanish prime minister, made clear last week that he favoured holding both contests on the same day. He is expected to confirm the date in early January.

Having resisted opposition demands for an immediate general election last autumn, when his minority Socialist party was isolated in parliament, Mr González now appears eager to launch his campaign as soon as possible, taking advantage of the image-boosting effect of Spain's successful presidency of the European Union. The election will be 15 months before completion of Mr González's fourth term of

In Andalucia, the most populous of Spain's regions, the Socialists' attempts to govern with a parliamentary minority have collapsed more rapidly. Less than 18 mouths after being re-elected, Mr Manuel Chaves, the regional president, had his hand forced when Communists and conservatives joined forces to defeat his budget. David White, Madrid.

Papandreou bounces back

Mr Andreas Papandreou, Greek prime minister, has overcome an infection that nearly killed him last week, doctors said yesterday. "In the past 24 hours the premier's condition has not changed and remains stable," a hospital statement said. Mr Papandreou, 76, taken to hospital with pneumonia in November, took a turn for the worse on Saturday when doctors said he had suffered yet another secondary infection that was difficult to fight. "He has overcome this danger," one of his doctors said yesterday. Reuter, Athens

Christmas snares Mafia suspect

The desire of an alleged Mafia boss to spend Christmas with his family led to his arrest, Italian police said yesterday, Eugenio Barresi, 35, was arrested on Christmas Eve at the home of a friend as he celebrated the holiday with his wife and children. They said investigators tracked him down after discovering his family had travelled from the Sicilian city of Messina to an area outside the northern town of Cremona. Police said Barresi, alleged-boss of a Mafia group in Messina. had been a fugitive since June 1994 when a warrant was issued for his arrest on charges of Mafia association, murder, extortion and other crimes.

Trouble brews over rise of the can in Germany

By Michael Lindemann in Bonn

Hundreds of the small hrewers which supply Europe's biggest beer drinkers are facing an uncertain future. The culprit? The beer can.

The rise in canned beer at the expense of bottled is also causing havoc with Germany's complicated environmental regulations and has already sparked a row involving the country's retailers, cartel office, and government. The local brewery is as much

a part of the German landscape as the corner sausage stand. Cologne, a city of about 1m people, has 23 breweries producing the unique local brew. Germans drink more beer oo average than any other Euro-

peans, with 1.200 mainly small brewers supplying their thirst and traditionally relying on bottles recycled by drinkers via the shops.

Increasingly, bowever, beer is sold in cans, which are cheaper, lighter and easier for supermarkets to handle. Canned sales rose by 20 per cent last year and continued to grow at the same rate in the first half of this year, to make about 15 per cent of beer sales overall and causing, according to a study by IKB Deutsche Industriebank, "considerable worries in the [brewing] indusBeer sales, which peaked at 120m hectolitres in 1992, have been falling slightly since. tion in the industry. The prospect of extra capital spending on canning lines is increasing

that pressure. But the rise in cans is also causing problems for the Verpackungsverordnuno - a 1991 regulation which states that the recyclable bottle must make up at least 72 per cent of all drinks packaging.

If cans, cartons and other packaging rise above 28 per cent, retailers would be obliged by law to charge a 50 pfennig deposit on every bottle that they sell, to encourage people to take bottles back to the shops. The recyclable bottle now makes up just 72.65 per

cent of total packaging. Concerned by the approach of the 72 per cent threshold, Ms Angela Merkel, the environment minister, and the retail trade have launched an initiative to stop the advance of the can. They agreed that the price of all canned drinks would be raised by 10 pfennigs from the

beginning of next year. Detailed operation of the scheme had not been worked out, but the intention was to use the DM350m (£160m) raised to combat litter and run advertising campaigns promoting the use of recyclable bottles.

Last week the Bundeskartellamt. Germany's competition agency, told Ms Merkel and the retail trade that the plan amounted to "a forhidden agreement to raise prices" and threatened retailers with fines of up to DM1.05bn. "We are not prepared to

accept this sort of thing, no

matter how good the reason is." it sald. Among ideas now being considered by the ministry to slow the decline of the bottle are licences which would ensure companies pay a levy on the caus they produce, in the same way that power stations have

gases such as CO. Privately, the ministry expects the 72 per cent threshold to be crossed this year. Raising the price of bottled drinks by 50 pfennigs will anger retailers because it will

to pay to emit "greenhouse"

There is also the risk of making the beer can even more attractive, accelerating the switch to cans in contrast to the Intention of the law. This would spell eveo more trouble for the local

hundreds of them may go out

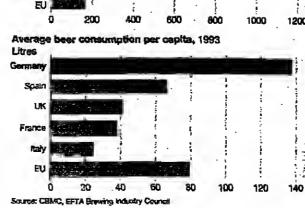
of business because they could

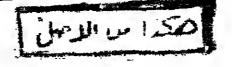
not afford in build canning

facilities.

breweries. The IKB report warns that

Average output of beer per brewery, 1993 600 800 1000 1200 Average beer consumption per capita, 1993





NEWS: ASIA-PACIFIC

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A panel of Japan's Fair Trade Commission, the anti-cartel watchdog, will today publish a report outlining five circumstances in which it could permit holding companies, in which a central company holds controlling share stakes in others, a form of ownership banned in Japan for 48 years.

The main corporate groups or kei-retsu are linked by small cross-shareholdings which convey no formal

Percentage of workforce

1990 91 92 93 94 95

By John Burton in Secut

North Korea yesterday

released five South Korean

fishermen, who were captured

last May, in a conciliatory ges-

ture to attract international

food aid for its starving popula-

boat crew removed one obstacle to the possible resumption

of emergency rice shipments

Seoul last summer delivered

150,000 tonnes of rice to North Korea, but refused any more assistance until the boat crew

was released. In addition,

Japan and the US have not

responded to recent pleas for food assistance from North

Korea in deference to South

by South Korea to the north.

The return of the fishing

such groups do have effective strate-Controversial plans for a partial end gy-making centres in the form of a of an existing financial company trading company or bank.

The move is a climb-down from the

next autumn to Japan's post-war ben-on holding companies will next PTC's former opposition to domestic business lobbies' demands for an end month be presented to parliament for to the ban, seen as a way to save tax, a venture capital group's purchase avoid management duplication and of its own company investments; cuit costs. It was made possible by an a merger between small and accord between the FTC and the medium-sized companies intended to Finance Ministry, in which the ministry won the commission's support by promising it more power to combat restrictive practices.

a bank rescue or the consolidation

Japan set to lift ban on holding companies

the division of any group into business units under a holding company headquarters;

compete against a large rival:

a holding company to supervise a sales or foreign subsidiary. restrictive practices.

This falls well short of calls by the Keidanren, the leading business Japan's existing anti-monopoly law, would permit the use of holding holding companies as freely as is done

management control, though many companies in five specific cases: in Europe or the US. The Keidanren's meet political resistance from those larger corporate members have long who fear a revival of the zabatsu - argued that the ban on holding compenies means they have to pay more tax than foreign competitors. Japa-nese companies are unable to offset subsidiaries' losses against group tax

Rabilities. in response to the FTC report, Mr Takashi imai, president of Nippon Steel, the world's largest steelmaker, called for a reform of corporate tax rules, to enable tax to be levied on consolidated profits alone. Keidanren officials voiced disappointment that the proposal left many curbs on nonfinancial holding companies in place.

A complete ban, however, would

ing commanies - which contributed to the rise of pre-second world war militarism.

The four largest zuibatsu controlled a quarter of the economy by 1945 and were dissolved, on their own initiative and by the US occupation, to prevent the recurrence of such a concentration of power. A law prohibiting holding companies was enacted in 1947. While a revival of militarism is a remote prospect, the FTC has resisted relaxation on the grounds that this might cut across its policy of disman-

Unemployment at record 3.4% in November

Japan's unemployment rate hit a record 8.4 per cent last month, increasing pressure on the government to deliver economic recovery before next

year's election.

A sharp rise in joblessness among young people and the continuing decline in manufacturing jobs, as companies shift capacity to cheaper locations overseas, were the main features of the increase, from 3.2 was cased in October.

North frees South Korea

fishermen in bid for rice

from the United Nations World

Food Programme for \$8.8m in

North Korea food aid has been

Officials in Seoul yesterday said that South Korea, Japan and the US would discuss addi-

tional rice supplies to North

Korea during a policy meeting in Hawaii in late January.

that it is willing to supply

more rice to North Korea in

addition to the 600,000 tonnes it

provided earlier this year. Mr Koken Nosaka, Japan's chief

cabinet secretary, said that more rice aid was needed to

prevent the sudden collapse of

North Korea, which is suffer-

ing a grain shortage amount-ing to almost half of its total

South Korea has maintained

demand.

Japan has already indicated

ister for international trade and industry, said this was an "extremely heavy figure". Japan's criteria for measuring joblessness are unusually strict, so that if more embracing US criteria were used, the internationally comparable unemployment rate could be at least double the published

figure. Senior economic and labour officials, however, argued that the rise was temporary and might even presage the early

further rice shipments until

North Korea resumes political dialogue with Seoul But Mr

Kwon O-kie, who was appointed South Korean national unification minister

last week, indicated that Seoul-

might drop or ease this

demand. "We shouldn't limit our

attention only to the North

Korean authorities. We should

look at the other side of the

North Korea which is North

South Korea adopted a tough

attitude on barring further rice

shipments after it was heavily

criticised by the public for fail-

flexible stance because of wor-

Korean citizens," he said.

stage of a recovery, as more young workers leave underpaid part-time jobs, typically in service industries, in search of better employment. This was often the case at the ini-tial stage of an economic recovery, said Mr Isamu Miya-zaki, director general of the Economic Planning Agency. Within the total, the jobless

rate for males aged 15 to 24 rose by 1.1 percentage points in the year to November to reach 6.3 per cent, nearly dou-ble the average unemployment

rate. Japan's high worth lude to a fall in unemployunemployment is a consequence of recruitment curbs by companies to cut costs. There were 2.18m unem-

year. In spite of this, the labour market was slightly less weak last month. The number of posts available per 100 job seekers rose slightly to 63, from 61 in the preceding month. In previous

The EPA vesterday produced

evidence of its belief that better times might be around the corner, in the form of the best ployed last month, up by 17.8 per cent from November last score for six months in its

The agency's leading diffu-sion index, a basket of forecasts of economic activity in the next few months, rose to

80 in October, from 46.2 the previous month. A score of 50 recoveries, a rise in the job seekers' ratio has been the preis equilibrium between growth



Lee Byong soo, one of the South Korean fishermen freed yesterday, is greeted by his mother

in a desperate attempt to save itself from collapse.

ing to win political concessions from North Korea in return for the rice supplies in the summer. However, Seoul appears The five surviving crewmen of the captured Woosung 86 were returned at the truce vilto be shifting toward a more

ries that the food shortage in lage of Panmunjom astride the North Korea might provoke a Morean demilitarised zone. The military attack by Pyongyang cremated remains of three crew members, including two killed during the boat's capture and another who died in captivity, were also returned. They were first South Kor-

North Korea from the 150 fishermen cantured since 1975. The boat intruded into North Korean waters on May 30 as it sailed from fishing grounds off China to its home port of Inchon, near Seoul.

ASIA-PACIFIC NEWS DIGEST

Thai cabinet sacks SEC chief

The Thai cabinet yesterday sacked Mr Ekamol Kiriwat, the respected chairman of the capital markets watchdog, the Securities & Exchange Commission, and dismissed him from his position as a Central Bank deputy governor. The authorities quickly tried to stem damage to market sentiment by replacing him with Mr Pekorn Malakul Na Ayudhya, a well-connected central banker. The Stock Exchange of

Thailand index slipped 2.73 points to 1278.92 yesterday. Mr Ekamol had his card marked by the new cabinet five months ago when he threatened to resign to preserve the commission's independence. He originally planned to return to his post at the Bank of Thailand in three months. But he was blocked from returning there amid unofficial talk of wrongdoing at the SEC.

"I cannot explain in detail why Ekamol cannot resume his job at the central bank," said Mr Surakiart Sathirathai, finance minister, yesterday. I can only say there is a legal problem involved," he added. However, one Thai financier said: "Ekamol's only crime has been to oppose the government and the weaker people in the exchange and the Bank of Thailand. He had to go because he was simply to strong for

Toyota plans China parts plant

Two leading affiliates of Toyota Motor, the Japanese car maker, yesterday announced joint ventures to manufacture car paris in Tianjin, northern China. The ventures with affiliates of the state-run Tianjin Automotive Industrial come as Toyota is negotiating with the company to establish what is expected to be the largest Japanese joint venture to produce

passenger cars in China. Nippondenso, a maker of car electronics, said it had set up Tianjin Denso Engine Electrical Products. The joint venture, capitalised at Y1.66bn (\$16.2m), will be owned 55 per cent by Tianjin Internal Combustion and the rest by Nippondenso and Toyota group's trading house, Toyota Tsusho, the company said, it will make starters and alternators.

Kyodo, Nagoyo

Suntory's Shanghai brewing deal Suntory, Japan's largest whisky distiller, announced yesterday It had signed an agreement to launch a brewery joint venture in Shanghai next month. Suntory will have a 60 per cent stake in the new \$12m venture, to be called Shanghai Suntory

Brewery, A Chinese state company, Shanghai Sugar Cigarette & Wine (Group) (SSCW), will hold the remainder.
Suntory said an existing plant and facilities held by SSCW's subsidiary, Shanghai Jiangnan Brewery, would be remodelled to produce a new beer under a local brand name for the oew joint vecture. The plant's annual capacity would be increased from the current 30,000kl to 100,000kl by 1998, and the product would be upgraded so that the Suntory's brand name could be used, the Japanese company said.

Indian decision 'soon' on Enron

The on-again, off-again saga of US multinational Enron Corporation's \$2.5bn power project in the Indian state of Maharashtra appears to be ending, a state political leader said yesterday. "A decision has already been takeo but it will only be announced following a cabinet meeting within the oext two to three days," said Bal Thackeray, head of Shiv Sena porty, part of the state's governing coalition. The project, a 2,450MW plant on the west coast, was halted by the new Maharashtra administration in August after a state government panel said the capital and tariff costs were too high. Reuter, Bombay

Korean wishes. The response by other countries to a request that it will not proceed with THE RESERVE **APPOINTMENTS**

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Hopes of progress in new Israel-Syria talks

Syria and Israel are due to open a new round of peace negotiations today in Washington, amid expectations of substantive progress in the long deadlocked talks, widely seen as the final link in a comprehensive Arab-Israeli peace.

Both Mr Shimon Peres, the Israeli prime minister, and Mr Hafez Assad, the Syrian president, have expressed rare optimism about the resumption of talks after a six-month hiatus, and together with their American sponsors appear committed to an attempt to conclude a deal in the coming months.

Officials from both sides said the three-day round at a Maryland retreat would be procedural and negotiations on the substantive issues of Israeli

Heights, subsequent security arrangements and the nature of relations between the two countries would only start after the next round of talks in

The negotiations have moved from the military to the political level, with two of the most prominent men in the Palestinian-Israeli negotiations, Mr Uri Savir, director-general of the foreign ministry, and Mr Yoel Singer, the ministry's legal adviser, in Washington to steer the talks. They are expected to lay the groundwork for detailed negotiations as well as a summit between Mr Peres and Mr Assad.

Israel intends to embark on a multitrack negotiation process, breaking from the one-issue

withdrawal from the Golan drawal from the Golan

This would create a "self-sustaining" process, according to Mr Danny Shek, foreign ministry spokesman, because an impasse at one level would not doom the entire talks.

Mr Ehud Barak, the Israeli foreign minister, outlined the government's agenda for the first time to the Knesset on Monday. It includes a call for demilitarisation along the border, direct hot lines between commanders, full diplomatic relations, open borders for goods and people, and a cessation of the conflict in southern

Mr Barak said the extent and timing of withdrawal from the Golan Heights would be predicated on Syria's willingness for locked since they began in a speedy normalisation of rela-



Shiph, keep the peace: An Israeli soldier tries to quieten a Palestinian woman protesting against land confiscation for the construction near Ramallah of a by-pass road for Israeli settlers Protest Ramallah of a by-pass road for Israeli settlers

tions. Syria's refusal to agree to a full normalisation of relations before Israel withdraws from the Golan Heights has largely kept the talks dead-

Polls still show a majority of Israelis opposed to relinquish-ing the Golan Heights, which were captured in the June 1987

. Lagislators opposed to a Syria deal, including rebels in

Mr Peres's Labour party, have continually threatened to top-ple the government over the issue. The government survived five no-confidence motions on Monday over its

employs 1,800 there. It is the

country's biggest foreign investor and has formed a

joint venture with the state-

owned company Kyrgyzaltyn

to exploit the Kumtor gold

The economic policy bas

won enthusiastic support from

western governments and

international donor organisa-tions, which in June pledged

\$680m to support the reforms.

As in other newly indepen-

dent states of the region, the

cost of economic reform is

high. Unemployment is put

officially at 2.5 per cent, though other syidence sug-

gests it is much nearer 20 per

cent. Those who do have work,

most notably teachers, are

often underpaid with a salary

equivalent to \$20-\$30 a month

or do not get paid at all for

The only way to get out of this

slump, according to Mr Akayev, is to continue with

the reforms and to attract for-

eign investment; that was his

Kyrgyzstan's election sets it

apart from neighbouring Kaz-

akhstan. Turkmenistan and

Uzbekistan, where the authori-

ties have avoided elections by

INTERNATIONAL NEWS DIGEST

Chileans sue LME company

Codelco, the Chilean national copper company, has started legal proceedings against Sogemin, the London Metal Exchange trading company, over loss-making futures deals which cost the company more than \$170m in 1998, the Chilean government announced yesterday.

The action, brought in London, is the first legal step Codesco has taken against foreign copper brokers after a government investigation lasting nearly two years. Codelco was suing Sogemin over what it claimed were improper payments to do with the deals, said Mr Luis Bates, chairman of the State Defence Council, a government watchdog.

All the loss-making deals were done by Mr Juan Pablo Dávila, a former Codelco executive since sacked and charged with fraud. Codelco, the world's largest copper producer, bopes the legal action will allow it to recover at least some of its losses from the failed trades.

Jordan, Egypt agree on Iraq

King Hussein of Jordan and President Hosni Mubarak of Egypt, who had seemed to be growing apart over Iraq policy, said yesterday they shared a common approach to that

Emerging from a two-hour meeting at the king's palace overlooking the Red Sea, the two leaders said they had agreed that the future of Iraq should be determined by the Iraqi people, not by outside forces.

There is no difference between us in terms of ideas and inclinations toward Iraq." Mr Mubarak said after the meeting In recent weeks, King Hussein has been distancing himself from the Iraqi government, while Mr Mubarak has hinted at improving ties with Iraq Egypt, an Arab ally of the anti-fraq-forces during the Gulf war, has been critical of a shift in Jordan's policy toward Iraq, apparently because of concerns that a bigger role for Jordan in the region could come at the expense of Egypt.

Jordan was perceived as pro-Iraq during the 1990-1991 Gulf. crisis but has been increasingly critical of its eastern neighbour and former ally. in August, King Hussein granted asylum to a son-in-law of the Iraqi leader Saddam Hussein and

blamed the suffering of the Iraqi people on the latter's policies.
"Both of us support the unity of Iraqi lands. Both of us want to alleviate the suffering of the Iraqi people," Mr Mnbarak said

Cuba sees 5% growth in 1996

Cuba's economy will grow by 5 per cent next year as economic recovery picks up. Mr Jose Luis Rodriguez, economy minister, told the national assembly yesterday.

The government will continue to cut subsidies to state companies in an effort to slash its budget deficit, Mr Rodriguez said in a report by the Cuban state news agency Prensa Latina, monitored in Mexico City.

The assembly was meeting yesterday to consider the economic plan for 1996, the first such annual plan since the collapse of the Soviet Unioo in 1990 transformed Cuba's main source of aid and trade. Officials say the economy hit bottom in 1994 after a contraction of 35 per cent. It is expected to

record growth of about 2.5 per cent this year. Growth next year may be aided by a recovery in the sugar. harvest after three years of steep declines. AP, Mexico City

Venezuelan nod for oil venture

The Venezuelan government has approved a joint venture by the state oil company Bitor (Bitumenes del Orinoco), the US oil company Conoco and the Norwegian Statoil. These are to go ahead with a \$320m plant to make Venezuela's trademark orimulsion boiler fuel, due to produce from 1998.

Bitor, a subsidiary of the state-owned Petróleos de Venezuela, will hold a 40 per cent share, while Conoco and Statoil have a 30 per cent and 20 per cent participation, respectively. Two private Venezuelan engineering companies hold the remaining 10 per cent share. Eighty per cent of the 5m tonnes of the orimulsion produced annually will be sold to Florida Power and Light Company, with the remaining 20 per cent being marketed in Europe. Raymond Colitt. Cardens Venezuela had completed all its 1995 Brady bond payments,

Luis Raul Matos Azocar, finance minister, said yesterday. He said the deferrals were of "some payments that weren't of the highest priority. Basically, the payments to the Paris Club. some bilateral debt. I don't remember the amount right

GERMANY

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Algeria exploits its sea of sand

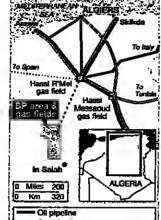
The government needs to ensure growing exports of oil and gas. Robert Corzine on a BP deal that could herald new investment

rriving by air at the Bin Rebba oil field deep in Algeria's desert is "like landing on an aircraft. carrier in a sea of sand", says Mr Louis Spelli, bead of Algerian operations for Agip, the Italian company which operates one of the country's newest oil fields.

As the short-takeoff-andlanding Pilatus turbo-Porter, with a former East German air force fighter pilot at the controls, lines up on the tiny air strip. Algerian soldiers with AK-47 assault rifles stand silbouetted at the top of the surrounding booey-coloured sand

In the cool early morning air at Bin Rebba it is hard to tell whether more heat comes from the rising sun or from a giant plume of flame that denotes yet another oil well undergoing test. Mr Ammar Makhloufi, Algeria's industry and energy minister, jokes that technology may ooe day allow the country to export its plentiful sunshine. But for the financially strapped government, busy battling a four-year old Islamist insurgency, the need to ensure a rising tide of current oil and gas exports is a deadly serious

The past weekend proved particularly productive for Mr Makhloufi and officials from Sonatrach, the state oil and gas company. Last Friday the minister inaugurated the oil processing facilities at Bin Rebba, and a new gas treatment complex built in conjunction with Total, the French oil group, at Hamra. But Algerian officials say it was the signing last Saturday of a \$3.5bo gas development deal with British Petroleum that could pave the way



meot in Algeria's eoergy sector, which accounts for virtually all the country's export

Proposed gas pipeline

At the signing ceremony in Hassl Massaoud, Algeria's southern oil centre, Mr Makhloufi said the BP deal would be the model for future gas contracts with other international

Some industry observers consider It ironic that Algeria and Sonatrach should find themselves at the forefront of the rapidly changing relationships between international oil groups and members of the Organisation of Petroleum Exporting Countries. "Many government and Sooatrach officials are still steeped in the pseudo-socialism of the 1970s. says an industry analyst, in highlighting one of the reasons why the negotiations with BP

took five years to cooclude. But those at the top of the energy ministry and Sonatrach have no doubt that Algeria,

Moslem rebels, have kidnapped and beheaded three peasants and damped their bodies by a roadside near Algiers, an Algerian newspaper said yesterday. Reuter reports from Algiers.

Gunmen, thought to be

The three peasants were abducted from Sidi Slimane village, 40 miles south-west of Algiers, the French-language daily El Watan said. Quoting victims' families

and witnesses, the paper said the peasants were killed because they had spurned guerrilla demands for money to support their violent campaign against the nment and refused to have their sons join the rebels.

having found Itself in the unlikely role of an industry pioneer, must stay in the vanguard of oil-producing states competing for foreign capital. Mr Nazim Zouloueche, the

head of Sonatrach, says Algeria is taking steps to maintain the momentum of foreign interest and investment. New exploratioo acreage will be offered for foreign companies, although Algeria appears more interested in negotiating specific arrangements with individual companies than in launching a new international, competitive bidding round. We prefer to deal with compa-

nies face-to-face," he says. There is also a continual reassessment of the fiscal terms nies. "We think the current ones are attractive enough, but we must be prepared to adapt to growing international com-

petition," he adds. Sonatrach will also be offering more opportunities for for-

contract on enhanced oil recovery being negotiated with Arco, the US oil group, will form the basis for future oilfield rehabilitation projects. "But we can't do other ones until the Arco deal is signed," he said in an interview.

eign companies to take part in rehabilitating existing oil

fields. Mr Zouioueche says a

Resentment at the country's dependence on foreign oil companies to fund new developments appears muted. "We're less dogmatic than we used to be," says Mr Zouioueche. "lt's now almost impossible to go it alone in the oil world."

One US-educated Sonatrach supervisor at Hamra says working with foreign partners should boost the quality of management within the company. The presence of a foreign partner can also help to introduce more efficient working practices. "Before, you could enter Sonatrach and do nothing until you retired," he said. "But that's no longer the case."

Mr Zouiouecbe has ambltious plans to revitalise Sonatrach. "Our goal", he says, "is to have a state company that is managed like a private com-He is also keen to expand international activities. Algerian officials say part of the attraction of the BP deal is that it opens the prospect of moving into new "middle stream markets" in Europe,

such as power generation. Mr Zouioueche says Sonatrach, which already has a explorer, is also keen to acquire additional overseas assets. That could include taking stakes in other companies. We're open to any possibilities to become more interna-

Kyrgyz president wins re-election

Kyrgyzstan's President Askar Akayev, re-elected for a second five-year term in elections held on Sunday, has pledged to press on with the country's

economic reform programme. The president won with more than 60 per cent of the vote, in a poll which attracted an 82 per cent turn-out, gov-ernment figures said.

The election was relatively trouble-free, though some of the original 13 nominees complained about being ignored by the state-run media. Mr Akayev easily defeated

the other two candidates - Mr Absamat Masaliyev, former Communist party secretary, and Mr Medetkan Sherimkulov, former parliamentary speaker - who offered uo serious alternative for improving the economy.

The president, aged 51 and a former scientist, has been an

ardent supporter of privatisation and tax benefits. He was the first central Asian leader to introduce a new currency. the som, in May 1993. It has become the most stable in the

All this has drawn in the Canadian mining company



INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

| | rokere | production | loyment rate | indicator | indicator | Acquires | Industrial production | (Tile | indicator | leading indicator | spice volume | Andivetrial production. | ley-must rate | rate Indicator | leading |
|---------------|------------------------------|--------------------------|---------------------------|------------------------------|----------------------|----------------------------|--------------------------|-------|------------------------------|----------------------|-----------------|--------------------------|---------------------|-------------------|----------------------|
| 1985 | 100.0 | 100.0 | 7,1 | 100.0 | | 100.0 | 100.0 | 2.6 | 100.0 | 76.4 | 100.0 | 100.0 | 7.1 | 100.0 | 99.7 |
| 1986 | 105.5 | 100.8 | 8.9 | 98.3 | 95.5 | 105.8 | 99.7 | 2.8 | 94.3 | 83.5 | 103.4 | 102.2 | 6.4 | 136.9 | 89.4 |
| 1987 | 108.4 | 106.0 | 5.1 | 106.3 | 96.8 | 113.8 | 103.1 | 2.8 | 108.3 | 91.3 | 107.4 | 102.8 | 6.2 | 149.5 | 90.1 |
| 1988 | 112.6 | 110.7 | 5.4 | 107.6 | 100.1 | 122.6 | 113,1 | 2.6 | 135.8 | 98.8 | 110.5 | 106.3 | 6.2 | 165.1 | 90.1. |
| 1989 | 115.6 | 112.4 | 5.2 | 101.4 | 98.9 | 132.5 | 119.7 | 2.2 | 147.0 | 96.9 | 114.2 | 111.4 | 5.6 | 219.5 | 95.6 97.6 |
| 1990 | 119.4 | 112.4 | S.4 | 87.0 | 95.1 | 141.7 | 124.5 | 2.1 | 149.9 | 96.1 | 123.5 | 117.2 | 4.8 | 281.9 | 98.2 |
| 1991 | 114.0 | 110,4 | 6.6 | . 64.5 | 100.0 | 144.5 | 126.8 | 2.1 | 144.2 | 93.3 | 130.S | 116.1 | 4.2 | 297.6 | 90.2 |
| 1992 | 117.6 | 114.2 | 7.3 | 63.8 | 104.8 | 139.9 | 119.0 | 2.1 | 124.2 | 92.3 | 127.7 | 116.S | 4.6 | | 95.4 |
| 1993 | 123.8 | 118.2 | 6.7 | 69.0 | 110.4 | 131.6 | 113.8 | 2.5 | 106.6 | 87.7 | 122.3 | 109.1 | | 287.9 | 89.5 |
| 1994 | 131.2 | 125.1 | 6.0 | 78.9 | 112.S | 129.6 | 114.S | 2.9 | 102.2 | 105.6 | 120.4 | 113,6 | 8.1 6.6 | 229.0 240.8 | 95.5 104.0 |
| 4th qtr.1994 | 5.7 | 9.8 | 5.5 | 63.6 | 112,5 | -0.7 | 6.2 | 2.8 | 102.4 | 105.6 | -2.3 | 7,1 | 8.8 | 262.7 | 104.0 |
| 1st atr. 1995 | 4.7 | S.5 3.3 | 5.5 | 79.7 | 111.6 | -2.3 | 6.1 | 2.9 | 107.6 | 105.3 | | 3.0 | 6.7 | 271.6 | 102.3 |
| 2nd atr.1985 | 4.3 | | 5.6 | 78.0 | 111.0 | -0.8 | 4.8 | 3.1 | 105.8 | 107.0 | ٠. | 1.8 | 6.8 | 276.7 | 102.2 |
| 3rd qtr.1995 | 4.S | 3.0 | 5.6 | 78.4 | 112.3 | 0.5 | 0.9 | 3.2 | 104.2 | 108.9 | | -0.2 | 0.0 | 265.6 | 101.1 |
| December 1994 | 4.9 | 8.4 | 5.4 | 84.8 | 112,5 | -1.0 | 7,1 | 2.8 | 102.2 | 105.8 | -1.1 | 7.4 | 6.8 | 258.8 | 104.0 |
| January 1995 | 9.7 | 9.3 | 5.8 | 78.8 | 112.S | -4.0 | 4.9 | 2.9 | 101,8 | 105.6 | | 2.2 | 8.7 | 263.8 | 103.4 |
| February | 3.9 | 5.4 | 5.4 | 80.9 | 112.1 | -1.8 | 7.4 | 2.8 | 11S.2 | 105.8 | | 5.5 | 6.7 | 270.5 | 102.7 |
| March | 3.4 | 4.7 | 5.4 | 79.6 | 111.9 | -1.1 | 5.9 | 3.0 | 105.6 | 108.1 | | 1.2 | 6.7 | 280.5 | 102.9 |
| April | 3.3 | 3.9 | 5.7 | 79.7 | 111.4 | ~1.5 | 6.0 | 3.1 | 102.2 | 106.2 | | 1.7 | 6.8 | 279.7 | |
| May | 4.8 | 3.3 | S.6 | 77.1 | 111.2 | -0.7 | S.8 | 3.1 | 110.3 | 106.6 | | a.i | 6.8 | | 102.1 |
| June | 4.8 | 2.8 | 5.5 | 77.0 | 111.0 | -0.3 | 3.2 | 3.2 | 104.7 | 107.0 | | 0.5 | 9.8 | 277.2 272.2 | 103.3 |
| July | 4.9 | 2.7 | 5.9 | 79.2 | 111.1 | -0.9 | 1.3 | 3.2 | 102.2 | 107.3 | | 1.0 | 9.6 | 270.5 | 102.2 |
| August | 4.3 | 3.2 | 5.6 | 79.3 | 111.9 | 0.7 | 1.0 | 3.2 | 106.8 | 108.1 | | -0.3 | 2.0 | 264.8 | 101.5 |
| September | 4.3 | 3.2 | S.8 | 76.6 | 112.3 | 1.6 | 0.5 | 3.2 | 103.6 | 108.6 | | -1.2 | | 261,3 | |
| October | | 2.2 | 5.4 | 79.S | 112.1 | | 1.3 | 3.2 | 110.1 | 109.4 | | -3.4 | | | 101.1 |
| November | | 1.9 | | | | | | | | | | 0.4 | | 258.0 259.8 | 101.2 |
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| | Pleasil resion valuere | Industries production | Unemp- loyment rate | Vycancy vala indicator | leading indicator | Flotali spice volume | 'andquatgligi. | | Uncargo- leypundi rata | Composite leading | Notali seles | Industrial production | Ungrap- legement | Vectory rate | Composite (aiding |

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|---------------|---------------------------|--------------------------|---------------------------|------------------------------|------------------------|----------------------------|------------|----------------------------|-----------------------------------|---------------------------|-----------------------|---------------------------|------------------------------|-----------------------------------|
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| | Popul raios valores | industries production | Unemp- loyment rate | Vyeincy Tria Indicator | Composite Indicator | Potali spies solucie | production | Uncerp- layeast rate | Composite leading indicator | Notag Salas Vilgano | Industrial production | Unamp- layment rate | Vecency rate indicator | Composite (anding indicator |
| 1985 | 100.0 | 100.0 | 10.3 | 100.0 | 90.8 | 100.0 | 100.0 | 9.6 | 88.3 | 100.0 | 100.0 | 11,2 | | |
| 1986 · | 102.4 | 101.2 | 10.4 | 107.0 | 96.4 | 106.9 | 104.1 | 10.4 | 94.3 | 105.3 | 102.5 | 11.2 | 100.0 | 90,0 |
| 1987 | 104.5 | 103.1 | 10.5 | 117.2 | 96.4 | 112.1 | 106.8 | 10.9 | 95.9 | 110.9 | 108.5 | 10.3 | 116.1 | 93.0 |
| 1988 | 107.8 | 107.3 | 10.0 | 135.3 | 102.0 | 107.9 | 114.2 | . 10.S | 100.2 | 117.8 | 111.6 | 6.8 | 141.0 | 97.1 |
| 1989 | 109.5 | 111.8 | 9.4 | 160.8 | 101.7 | 116.9 | 118.7 | 10,9 | 98.3 | 120.1 | 114.0 | 7,2 | 144.0 | 95.7 |
| 1990 | 110.4 | 112.9 | 8.9 | 163.2 | 95.8 | 114.5 | 118.0 | 10.3 | 95.0 | 121.1 | 113.7 | | 124.3 | 93.5 |
| 1991 | 110.3 | 113.3 | 9.4 | 128.2 | 96.7 | 110,6 | 116.9 | 8.8 | 97.1 | 119,4 | 109.5 | 6.8 | 87.6 | 91.6 |
| 1992 | 110.5 | 113.2 | 10.4 | 109.5 | 94.9 | 116.9 | 115.4 | 8.8 | 94,1 | 120.4 | 109.4 | 8.8 | 68,6 | 95.0 |
| 1993 | 110.7 | 110.2 | 11.7 | 90.0 | 98.1 | 114.1 | 113.0 | 10.2 | 100.6 | 123.6 | 111.S | 10.1 | 69.6 | 98.9 |
| 1994 | 110.9 | 114,4 | 123 | 104,1 | 102.5 | 107.4 | 118.8 | 11.1 | 102.9 | 128.5 | 117.1 | 10.4 9.5 | 76.5 93.8 | 105.6 108.3 |
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| lst qtr.1995 | 0.S | 5.5 | 11.8 | 118.3 | 101.2 | -3.6 | 0.8 | 12,2 | 101.6 | 1.4 | 4.2 | | 105.3 | 108.3 |
| and qtr.1995 | 1.1 | 3,4 | 11.6 | | 100.8 | -4.5 | 5.9 | 12.2 | 101.8 | 1.4 | 2.0 | 6.7 | 103.5 | 108.3 |
| 3rd qtr.1995 | 0.4 | 1.7 | 11.4 | | 97.7 | | 5.7 | 12.1 | 102.5 | 0.5 | 1.4 | 8.8 8.7 | 106.3 109.1 | 108.6 |
| December 1994 | 0.9 | 6.6 | 12.0 | 99.7 | 102.5 | -2.5 | 15.0 | 11.8. | 102.9 | 3.9 | 4.0 | | | 108.5 |
| lanuary 1985 | 2.4 | 5.9 | 11.9 | 110.6 | 102.3 | 0.9 | 9.8 | n.a. | 102.6 | 0.3 | 3.7 | 8.8 | 105,3 | 108.3 |
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| March | -1.5 | 6.2 | 11. 7 | 128.1 | 101.2 | -10.1 | 9.2 | п.а. | 101.6 | 1.5 | | 8.7 | 103.0 | -108.2 |
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| Vlay | 2.6 | 3.8 | 11.6 | | 101.5 | -6.3 | 7.1 | n.a. | 101.4 | 1.2 | 2.6 | 8.8 | 107.2 | · 108.6 |
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| September | -0.8 | 0.5 | 11.5 | | 97.7 | *** | S.0 | n.e. | 102.5 | | 1.1 | 8.7 | 107.6 | 108.4 |
| October | -4.8 | -0.8 | 11.5 | | 96.3 | | 2.0 | n.a. | | -0.1 | 1.0 | 8,6 | 113,7 | 108.5 |
| November | -4.0 | -0.0 | 11.0 | | 30.3 | | | - FASE | 100.7 | · 0.3 | 0.6 | 8.6 | 112.5 113.8 | 108.2 |

industrial production: data from national government sources, includes mining, man, only) and UK (also includes construction industries), Unemployment rate: OECD stand

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For Page 19 Pa

Bank ends backing for rail bidders

By George Parker, Charles Butchelor and George Graham

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franchises, including the Great Western passenger service which was awarded this week. NatWest said it had withdrawn its backing for "com-mercial reasons" and added: "R group. is absolutely end categorically not the case that we pulled out because of concerns about rail privatisation." Officials could not say whether it was

involved in any further bids. Intermediate Capital Group Nativest's decision to with and Royal Bank of Scotland draw from backing buy-out and was ultimately successful National Westminster Bank teams seeking to acquire rail the main Great Western lines has withdrawn its backing assets is understood to have run from London to Bath. Bristom a number of bids for rail caused problems for the tol, south Wales and the caused problems for the management/employee bid for Great Western and to have revived the chances of the bid by Resurgence Railway, an independent management

But Great Western managed to find an alternative source of mezzanine finance - highyielding loans with a risk pro-tile close to equity - from Royal Train - and the Freight

tol, south Wales and the south-west England counties of

Devon and Cornwall.

According to the European Freight Management newsletter, NatWest has withdrawn from three other bids as well as Great Western. It says these are a rolling stock leasing company, Rail Express Systems -which runs wall traffis and the

Asked about the bids, Nat-West told the newsletter: "We had been involved and we are no longer." -Last week Sir George Young, transport secretary, claimed the first wave of franchises

could previde better services and more investment for lower Mr Brian Wilson, chief trans-port spokesman with the oppostiion Labour party, claimed that NatWest's withdrawal was

a sign that rail privatisation

showed that the private sector

was seriously flawed. He said "I warmly welcome this deci-sion by NatWest, which I am sure other key investors will follow. Labour's message is that they should stay clear of this high-risk and totally unwanted privatisation." -

Committee of the Committee of

Internet

'may give

stimulus to

democracy'

Participation in the democ-

ratic process could be widened

through the influence of the

Internet, a rightwing think

tank in Britain has argued. A

report by the Bow Group

examines the potential for

electronic electionsering in the

UK compared with the US and

Europe, and says that the Internet - the worldwide

computer network which links

npwards of 25m people -could eventually replace the

ballot box as a method of

The report's author, Mr

Julian Roche, says the Net could make it easier for UK

citizens to vote from tempo-

rary residences overseas. Electronic voting might eventually

cut the cost of elections and

speed up counts.
The potential for video-conferencing, putting voters in

direct touch with elected rep-

resentatives, will be "the most important technological devel-

tics on the Internet," the report says. The notion of a

parliamentary constituency

representing a specific geo-graphical srea "may have to

All Britain's main political

parties have sites on the

World Wide Web - the Inter-

net's graphical interface - and

many British government

departments are online. While the number of British

MPs with E-mail addresses is

low - only around 25 out of

651 - some are fervent advo-

cates of the new technology.

even holding online constitu-

The interactive nature of the

Internet is one of its prize

attributes, says Mr Roche.

Each of the existing political

parties' Internet sites allow

readers to E-mail membership

In the US the Internet has

empowered citizens' groups

such as Project Vote Smart,

which tracks elected representatives' activities in

ency advice sessions.

requests and queries.

be revised".

pent for the growth of poli-

By Stephen McGookin

in London

 Last week saw the final sail-ing of the rail freight ferry Nord Pas de Calais which has been carrying about 1m tonnes of cargo between Dover in southern England and Dunkirk in France each year. Competi-tion from the Channel tunnel

Accountancy 'The three top growth areas for big firms are Asia, Asia and North America'

Big institutions reticent about own figures

By Jim Kelly, Accountancy Correspondent

Coopers & Lybrand has announced its 1994-95 worldwide fee income at \$6.2bn - up 13 per cent on last year - and thus completed the global revenue results for Britain's "Big

Six" accountancy firms.
The annual world fee income table is as keenly watched as its UK counterpart. It is, however, arguably even less worth reading. It merely illuminates the lack of useful internal information flowing out of some of the world's leading financial service organisations.

The UK version is undermined by annual disagreements about the comparability of the figures. As e general rule, the lower down the table firm is placed, the more likely it is to discover e good reason why the figures should not be relied upon.

There is less disagreement over the global figures, probably because they are bland to the point of being largely meaningless. The Big Six shared similar growth rates in 1994-95 - except for the rapidly expanding operations of Arthur Andersen, the Chicagobased grant which threatenes to dwarf the rest. Its atowth rate of 21 per cent is startling. The even pace of growth. among five of the Big Six reflects the competitive nature of the market and the fact that

their client base is largely a

THE BIG SIX: Global fee figures for 1894-95

| 建始 - 15 (4) 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Bevenue | Revense | Growth |
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| Control of the State of the Sta | (004-05 (Sb) | 93-04 (Sbe | 0 (%) |
| | B.1 | 28.7 | 21 |
| KPMG. | 7.5 | . 88 | 11.77 13.7 |
| Coopers & Lybrand | 2.8 | 8.0 | 14 |
| Deloitte Touche Tohmatsu | 6.0 | 5.2 | 13 |
| Price Waterhouse | 4.5 | 4.9 | 12 |
| The state of the s | 74 | | |
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| | | | |

common one. In many ways their performance reflects that of the multinational clients which provide the bedrock of their income.

There is, however, increasing scepticism over the real worth are no longer competitors. of these Big Six comparisons." Fundamentally the whole operation is flawed by its basis fee income or total billings rather than profitability or a measure of return on invest-

There is plenty of bickering, behind the scenes at least, over what actually goes into the final fee figures. Some of the firms use "total billings" for example - including income which might be passed on to a third, sub-contracted, party. Others say they show net revenue and nothing more. Others claim to show net revenue or pure "value added" income. Any comparison between the Big Six on a global basis is flawed. Most are at varying stages in the metamorphosis from being a loose band of accountancy firms in different

name to truly global financial

service organisations.

The third reason for not treating the Big Six fee income table as a useful benchmark is that in a real sense the firms They have grown beyond the anditing and accounting services base which gave them an initial similarity. Their real competitors are often not inthe table et all.

Mr Peter Smith, chairman of Coopers & Lybrand Interna-tional, believes comparisons between the Big Six are now "dated". Coopers' big growth areas in 1994-95 were tax - up 18 per cent - and advice on actuarial issues and buman resources from pay to career planning - up 22 per cent. On tax, for example, the competi-tion is not the Big Six but lawyers, says Mr Smith. Coopers is attempting to get

e grip on the global issue: from being a loose band of international service that international trade pacts. In accountancy firms in different crosses borders without change eastern Asia, consultancy countries sharing a brand ing quality. It has reformed its practices have been urged to

tional board an operational arm - with support partners in

"We could see the enormity of the task and it become quite clear that we needed to put more muscle into implementation," says Mr Pat Sberry, international executive pariner for Coopers & Lybrand. The main growth area here is seen as the globalisation, or in many cases the regionalisa-tion, of the middle market com-

Sherry says that actually getting the firm to work on a global basis is the challenge. It is very easy to have international as a marzipan layer over the national firms," he savs. Standardisation of

technology and education are seen as weys of making globalisation a reality. Senior staff now attend courses in the US, at Harvard, and in Burope at Insead, near Paris. The firm hopes that e junior inducted in Shanghai will get exactly the same training as a new joiner in Chicago. "We are coming at it from many angles," says Mr Internationally, Coopers

seeks to encourage national firms to merge where it makes economic sense: In Latin striving to provide its multina- . America, for example, mergers tional clients with a truly ... are being designed to reflect

back in head office and drawing boxes," says Mr herry.

As to where the growth is coming from, Mr Sherry has a simple answer to the three key regions for the future: "Asia Asia and Asia," he says. On reflection he amends that: "Asie, Asia, and north America", reflecting continued forecasts of growth in demand for consulting services in the US and Canada.

Fees from China have tripled and Coopers has 300 people on the ground. The firm has 300 multinational clients in China. But it is still early days and investors are cautious. "There will be losses to be made in China before profits are made in China," says Mr Sherry. Picking the growth area of

the future is an impossible task, Actuarial and buman resource edvice, the current success story, grew from unpromising beginings in an office in Atlanta 25 years ego. Now it is providing e motor for growth within the

Smith thinks partnerships offer fertile ground for such commercial creativity, "Historically, these kind of decisions have been taken faster than people have caught up with the fact that decisions have been taken," he says. "But you tell me where Congress and scrutinises their the market's going and we'll be there just a little bit ahead." UK NEWS DIGEST

Telecom curb to be relaxed

Mercury Communications would be in a stronger position to compete against British Telecommunications and its smaller rivals under proposals put forward by Mr Don Cruicksbank, the industry watchdog. Mercury is the UK's second-largest telephone company and an offshoot of Cable and Wireless. The proposals would free Mercury from the constraints of being considered a "dominant" operator. In particular, it would no longer have to publish changed prices 28 days in advance which, it has argued, have put it at a disadvantage to other companies. It would also be able to put together innovative

Mr Cruickshank proposes a "slimline" operating licence for Mercury, similar to thet held by smaller, newer telecoms companies. Many of the requirements and conditions in Mercury's existing licence, designed to constrain a dominant operator from behaving anti-competitively, would be deleted.

• Mr Rod Olsen, appointed acting chief executive of Cable and Wireless last week, has been named chairman of Mercury. Mr Olsen replaces Lord Young, who left both C&W and Mercury last month. Mr Stephen Pettit, a member of the C&W board, becomes deputy chairman.

Alan Cane, Industrial Staff

Council behaviour to be probed

The government is to investigate claims that municipal authorities have blocked private sector efforts to bid for pro-fessional services contracts under compulsory competitive tendering rules. The companies claim that some local councils are structuring the tenders for housing management, construc tion, property and legal services - the first wave of white-col-lar services to go out to tender - in ways that favour their

Krishna Guha, Public Policy Staff

Regulator urges compensation

The water industry regulator yesterday said compensation should be paid to customers for restrictions caused by drought - but not to those who suffered during the recent dry summer Mr Ian Byatt, director-general of water regulation, proposed conditions in which domestic and business customers should be entitled to compensation if their water supply is cut off or

All customers affected by rota cuts or standpines as a result of a drought order should get £10 (\$15,40) a day, up to a maximum £100. But this would not apply to bosepipe bans on households without water meters. Business customers would also have the right to compensation under a drought order, though this would require new legislation. The proposals were immediately attacked as inadequate by consumers organisa-David Lascelles, Resources Editor

Electricity advisers called in

Professor Stephen Littlechild, the electricity regulator, has appointed three senior businessmen to edvise him on the transmission price control review of the National Grid, it is the first time that Prof Littlechild has used outside advisers, and his move will be seen as a response to the debate about the accountability of industry regulators. The advisers are Sig William Berlow, former chairman of BICC; Mr John Sadler chairman of Pearl Group; and Sir Peter Walters, former chair man of British Petroleum and now chairman of Blue Circle Industries. The panel members will be paid expenses but will David Wighton, Financial Staff receive no remuneration.

MANAGEMENT

George Bain suggests policies to ensure a more equal distribution of training for all UK employees

Right of access

work training in Britain, but they are not what you might think. The common criticism that British management is particularly reluctant to invest in its own employees skills development is no longer true. The volume of in-work training is similar in the UK to that provided in other countries. There is wortying evidence, however, of damaging inequality in access to training in other words, those who most need training are least-likely to receive it from their employers.

Research conducted for the Commission on Public Policy and British Business shows that about one. third of employees in the UK, France, Germany and the US report receiving training each year. This follows a significant increase in provision of employee training in the

UK since the mid-1980s.
But it is not all good news. More than half of employees with a degree receive training from their employers compared with only 17 per cent of employees with no quali-fications. Similarly, whereas 50 per cent of those in the top quarter of pay distribution receive training, only a fifth of those in the bottom quarter do so. Part of this inequality is explained by the much lower incidence of training in small firms. Since training leads to pay-offs -

higher wages for workers, and the proportion of the pay bill spent on training. They would, therefore, do nothing to help unskilled workers both to the widening of UK pay distribution and to lower than potential productivity levels.

There is a distinct divergence

here between a sensible course of. action for private organisations and the public interest. It may be perfectly rational for individual employers to concentrate training on their most trainable employees since there is evidence that the returns to training are higher the more skilled the worker. But that may not be optimal for the economy and for society as a whole.

Effective training for Britain's unskilled and low-paid employees would have distinct benefits in terms of reducing income inequality, cutting the number of those dependent on in-work benefits, and making the labour market operate more efficiently. This puts the oms on the state to encourage greater access to employee training. I believe, however, that many policy proposals for correcting a per-ceived general deficiency in employee training are misguided

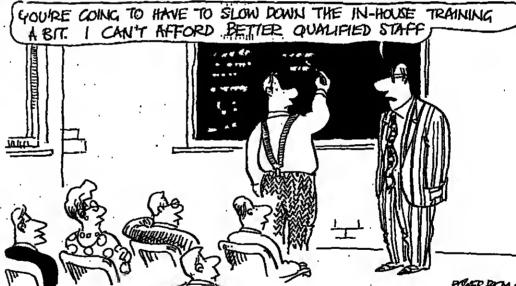
because they are inappropriately targeted. Both policies based on carrots (such as national insurance relief) and those based on sticks

where a relatively high proportion of the pay bill is spent on training their more skilled colleagues. .. One generalist measure which

would address the uneven distribu-

tion of training is time off for training for each employee as recom-mended by the National Commission on Education. This rightly concentrates on the individual employee rather than a firm's training expenditure. But there are two difficulties which would have to be ironed out. First, the scheme lacks flexibility. Off the job training may be less effective than on the job training for certain types of work. Second, and more important, compulsory time off would affect small employers disproportionately since each individual employee is likely to be a significant cog in the firm's wheel. Exemption for small firms is tempting but would defeat the object since small firms are par-

ticularly unlikely to train. Hence I would propose measures which would tackle the distribution problem in two ways: make unskilled employees more attractive training prospects for employers, and create the local apparatus for small (training levies) tend to emphasise firms to train their employees.



ROMER BEALE

The single most important passport to in-work training is having the ability to gain from that training - the core skills of literacy, numeracy, problem solving, familiarity with information technology and social skills. The best way of doing this is through general education in schools and colleges. But that does not help those unskilled workers already in employment.

These workers need access to courses providing basic versions of core skills at minimal cost to them or their employer. Such courses could be provided in local colleges or at workstations provided by companies using interactive computer-based learning systems. Getting employers to provide the time may require some form of incentive or subsidy, but the onus should be upon the state to fund basic employee learning through established methods or via new distancelearning arrangements.

The second proposal concerns the institutional framework for employee training et local level. One very sensible approach to increasing the feasibility of training in small and medium-sized enterprises is through networks in which a group of small firms collectively contributes toward a training programme for their employees, thereby reaping the economies of scale that large firms enjoy in this area. Sncb networks could be orchestrated through Training and Enterprise Councils (Tecs) or Local

addition to their more familiar responsibilities of youth and employment training, are charged with developing employee training. If they were to take more of a lead in this area, bowever, the Tecs' funding regulations would need to be relaxed to enable them to spend a greater proportion of the resources on the promotion and facilitation of in-work training.

Stephen Machin and David Wilkin son, Employee Training: Unequal Access and Economic Performance available from the IPPR, £3.95

George Bain is principal of the London Business School and chairman of the Commission on Public Policy

An unhealthy working week

Stress-related illness costs the UK up to \$4.6bn a year, says Carol Cooper



cut in 1890, reducing accidents and absenteeism, but more than a century later management has yet to realise that long hours can be counterproductive.

84 hour

working week at

blast furnaces was

A recent report from the recruitment organisation Austin Knight reveals that 37 per cent of the white-collar men interviewed work more than 50 hours a week. Among senior staff this proportion rises to 45 per cent. In the current work culture, more bours are not only needed to get work done but may also seem a necessary precantion. against redundancy.

social and family life, and there is evidence that they damage health too in 1960, a Californian study of workers aged under 45 showed that those working over 48 hours a week had twice the risk of dying from

maximum of 40 hours. Another piece of research found that 40 per cent of young patients who had had a heart attack worked more than 60 hours a week.

Exactly how long hours harm the heart is unclear, though it may be partly through unhealthy eating and lack of exercise. It has also been shown that people with mild hypertension have a higher blood pressure at work than at home.

Sudden death from overwork, better known as karoshi, is thought to Long hours can obviously disrupt kill up to 10,000 white collar workers in Japan every year. It is recog-nised by the Tokyo government and many surviving families have suc cessfully claimed compensation. Most kuroshi victims are middle bowel symptoms are common in aged, two-thirds work more than 60. . . fhose working long hours.

heart disease than those working a hours a week, and death occurs. from stroke in about 60 per cent or to cost the UK about £3bn (\$4.6bn) a coronary heart disease in about 88: per cent. Again, the mechanism is uncertain, but cultural or ethnic factors could be important here; for instance, stroke is more common in Japan than in Europe. In Austin Knight's report, 76 per

cent of workers believe that long hours adversely affect their physical health. There is evidence, albeit mostly anecdotal, of minor health problems in those who work excessive hours. At weekends, overworked executives may regularly suffer sore throats, flu-like symptoms, or migraine ("weekend inigraine" has been recognised for decades). Constipation and other

Stress-related illness is estimated year, and hours of work are, occupational psychologists claim, one important factor in occupational

Despite marked differences between individuals, several studies suggest that depressive symptoms are more common in those who work very long hours (roughly over 60 hours a week). To some extent, motivation and commitment protect against depression, but the effects of overwork seem undeniable. Of course one cannot be positive

that long hours cause depression or any other adverse health effect since thay often accompany job insecurity, change at work, intense pressure, factors which complicate the issue.

In contrast, there is no doubt that long hours worsen job performance. Research shows that sustained work reduces vigilance and concentration, and decreases the accuracy of tasks done, especially tasks involving information processing, logical reasoning, or reaction times. In the laboratory, a mere 30 min-utes of paying attention to sound signals results in progressively less efficient detection of signals.

Another study shows that after 18 hours of continuous work, reasoning and reaction times drop to 40 per cent of the individual's usual efficiency. Any sleep loss further worsens performance, and in the long term people do not learn to

manage without sleep.
On the contrary, sleep loss often makes matters worse by bringing The author is a London GP

on symptoms of depression, anger, or hostility.

In an industrial setting, lapses in concentration can be critical. Martin Moore-Ede of the physiology department at Harvard Medical School believes - and be is not alone - that significant industrial accidents, such as Chernobyl and the spill from the Sandoz factory in Basle, both in 1986, are due mainly to fatigue caused by people having to perform outside what he calls

their "design specification".
in the office, the effects of long hours can also be damaging, albeit in a less dramatic way. Vigilance deficits have adverse effects on critical reading, handling figures, and performance at meetings, to name a few everyday tasks. As to what constitutes long hours, a precise figure is difficult because breaks can boost flagging mental powers. However, as a rough guide, research suggests that after 10 or 12 hours one should have called it a day.

Talks aim to stimulate debate

he Guild of Management Consultants is staging a series of talks aimed at stimulating debate on contentious issues. It has lined up Robin Pellew and Jonathon Porritt to talk about "Green economics: a realistic alternative" (January 9), Lord Wakeham, chairman of the Press Complaints Commission, "The media is there to belp", (February 20), Maurice Saatchi, "Public opinion is not all that you see and read", (March 5) and Glenys Kinnock, MEP, "Politics is more than legislation and lobbying". (May 9).

The guild says it has been inspired by some of the themes which emerged from the Royal Society of Arts' study entitled Tomorrow's Company.
The early evening talks will be held at Skinners' Hall, City of

The Guild of Management Consultants, 2 Bolts Hill, Castle Camps, Cambridge, CB1 6TL.

Financial contributions are less mportant to the success of a joint venture than other contributions such as market knowledge, technical expertise, reputations and contacts, cording to an international joint venture survey carried out by Coopers & Lybrand. The survey comprised 136 respondents from 12 countries

and covered the leading industry sectors. It also showed that the reasons for setting up joint ventures were primarily strategic, focusing on access to new markets and acquiring new

technology and expertise. Eighty one per cent of respondents intend to create more ventures in future.

The Good Energy Manager's Guide mentioned on this page in the issue of December 13 is sponsored by British Gas as well as the Institute of Rnergy.

Tim Dickson

DIVIDEND & INTEREST PAYMENTS

■ MONDAY DECEMBER 25 Abbey National Treasury 7% Gtd Nts 1996 C\$70.0 Ann Street Brewery Rd 2nd Pf 15.1p

■ TODAY Aircraft Lease Portfolio Class A2 FRN Jun 1997 \$346.73 Bank für Arbeit und Wirtschaft Sb FRN 1999 \$311.67 Boots 101/4% 6d 2017 £2531.25 Elf Ent Fin. 834% Gtd Exch 6d 2006 £218,75 First Private Fin Mezz Asset-Bokd FRN 2021 £2134.76 Do Snr Asset-Bckd FRN 2021 £1589.47 Fuji Bank Int Fin Un Sb Ver Rate Nts Y23048.0 Furukawa Elec FRN Mar 1998 Y19173.0 Do Jun 1998 Y19173.0 Guinness Fin Australia 101/2% Nts 1997 A\$105.0 -Halifax Bldg Scty Sb Var Rate Nts £185.04 Italy (Rep of) FRN 2000 \$301.93 Marine Midland Bank FR Sb Cap Nts 1996 \$153.39 Midland Bank Und FRN (Jun

Mitsubishi Oil 4.2% Bd 2003 Y420000.0 Sabre Int (No 2) Ser P Var Rate Nts 1998 Y18487.0 Skipton Bldg Scty Sb FRN 2000 £39801.54 Stars 1 Class A Fitg Rate Mtg Bckd 2029 £138.36 Sumitomo Realty FRN 1997 Town Centre Sec 101/2% 1st Mtg Db 2021 £5.25

Mitsubishl Fin Int FRN 2000

1985) \$318.18

\$25589.06

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TSB Gilt Fd Ptg Pf 0.88p Tuntex (Thailand) FRN 1998 \$186,20

■ TOMORROW Abbey National Treasury 81/4% Gtd Nts 1995 C\$82.50 Abtrust Lloyds Ins Tst 1.55p Barings Gtd FRN 2001 \$15.79 Britannia Bldg Scty FRN 1997 £173.59 Chesterfield Props 4.4p Jersey Phoenix Tst 1.25p Smith & Nephew 51/2% Cv Bd

2000 \$275.0 ■ FRIDAY **DECEMBER 29** ABI Leisure 2.93p Alex & Alex \$0.025 Do Class C 0.016p Alexanders 91/2% Pf 3.3250 All Nippon Airways 4.4% Nts 2000 Y440000 0 Anglo Fin No 2 Mezz FRN 2004 £1913.58 Asprey 81/2% Pf 2.275p Do 9%% Cm Pf 4.875p Avon Rubber 4.9% Pf 2.45p BSG Int 0.7p Bardon 3.85% Pf 1.925p Do 11.25p Cm Pf 2005 5.625p Black & Decker \$0.10 Bodycote Int 2.4p Brake Bros 2.7p Bridon 1014% Db 1991/96 Do 656% Un Ln 2002/07 £3.3125 Do 7%% Un Ln 2002/07 £3.875 Britannia Bldg Scty Sb FRN 2006 22080.88 Tax-Free Cm Pf 2.5p Cadbury Schweppes 8% Nts 2000 210.89 Chamos 7% Pf 2.45p Chelsea Bldg scty Sb FRN 1999 £39482.88 Ctydeport Operations 3% Irrd

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Collateralised Mtg Sec (No 8) Mtg Bckd FRN 2028 £110.21

Do (No 11) Class A Mtg Bckd

Do 4% Ind £2.0

Engelhard \$0.09 Estates & Agency 111/4% 1st Mtg Db 2020 £5.625 Fidelity European Values Equity IL Un Ln 2001 1.0522p

Pf £1.575

Seagram \$0.15

Db 2012 £3.333

Severn River Crossing 6% IL

Fidelity Special Values Equity IL Un Ln 2004 £5,273648 F & C Inc Growth Inv Tst 0.75p Fortnum & Mason 58p Fuilta FRN 1997 Y256728.0 Fulcrum Inv Tst 1.40

Gartmore Smaller Co's Tst 4.250 Gaskell 5% Pr 1.75p Geest 3.7p General Cons Inv Tst 3p Grampian 7% Pf 2.45p Great Universal Stores 546% Rd 1 n 92 6875 Do 6%% Rd Ln £3.1875 Helene 0.43p Homer Fin (No 1) Class A FRN 2028 £101.23 Do Class B £219.97 Do (No 3) Class A1 FRN 2036 \$82.32

Do Class A2 £175.22 Do Class A3 £178.34 Do Mezz £192.67 Hunting 4.2% Pf 2.1p Incheage 7.50 Italy (Rep of) FRN 1998 \$77.41 Jupiter European Inv Tst 1.4p Kayser Bondor 6% Cm Pf 2.1p Kyushu Elec 81/4% Nts 1999 London & Assoc Props 0.05p

Morgan Grenfell Equity Inc Tst 0.4p Narborough Plantations 1.2p Do 20% Pf 1p National & Provincial Bidg Scty 8%% Nts 1997 £862.50 NHL (3) Class A1 Mtg FRN 2036 £97.82 Do Class A2 £178.34 Do Mezz £192.67 NHL (1) Dfd Int Mtg FRN 2028 Northern Telecom \$0.11 Portsmouth & Sunderland Newspapers 3.88p Ragby Gtd FRN Oct 1997 \$4893.75

Residential Prop Sec No 3 Class A1 FRN 2025 £425.57 Do Class A2 £1757.21 2.5625p Do Class B £2014.0 River & Mercantile Geared Cap 24,125 & Inc Tst 1999 1.463p Royal Bank of Canada Fitg Rate Db 2005 \$47.83 Royal Bank of Scotland 51/2% Pf 1.925p 05 £4.75 Do 11% Pf 3.85p Do Ser A Non-Cm Pf \$0.703125 Do Ser B \$0.70 Do Ser C \$0.59375 Saracen Value Tst 0.6p 21.75 Savoy Hotel 4% 1st Mtg Db Savoy Theatre 4% 1st Mtg Db £2 0 Schroder Split Fd 1.9p Scottish Eastern Inv 41/2% Cm

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Do 104% 1st Mtg Db 2025

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■ SATURDAY DECEMBER 30 British Fittings 51/2% Cv Pf Coutts Consulting 2nd Cv Pf Ex-Lands 71/2% Cv Ln 2020 £3.75 Gartmore Shared Equity Tst Geared Inc 2.4p Ladbroke Fin (Jersey) 9% Cv Bd 2005 £45.0 . Macallan-Glenlivet 614% Cv Ln 2005 23.125 Scottish National Tst 8% Cm Pf 2.1p

Co's Tst 1.25p

\$358.27

\$142.19

\$48.33

£174.91

\$1611.46

VTR 2.8p

25.90

SwedBank Sb FRN 2002

TSB Perp FRN £184.18

United Kingdom FRN 1996

UniChem 2.7p

United Auctions 4p

Wells Fargo FRN 2000

Wynnstay Props 1.5p

FRN A 2004 \$3228,84

Do Gtd Amtsd FRN 2004

Do B 2004 \$3279.40

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Do SKr Fd SKr3.90695 Do US\$ Fd \$0.36048 Broadstoner 6% Cm Pf 2.1p Burford 956% 1st Mtg Db 2019 Do Yen-Fd Y0.22 Fleming American Inv Tst 5% Capital & Counties 111/4% 1st Cm Pf £1.75 Do 7% Cv Un Ln 1999 £3.50 Fleming Claverhouse inv Tst 11% Db 2008 £5.50 Chartwell Int Rd 8% Pf 0.79p Fleming Overseas Inv Tst 5%-Cm Pf 1.750 F & C Inv Tst 111/4% Db 2014 25.825 Fortnum & Mason 7% Cm Pf 2.45p Friendly Hotels 5% Cv Pf 2.50 Frogmore Ests 13.85% 1st Mtg Db 2000/03 £6.925 GATX \$0.40 GR Hidgs 101/2% 2nd Pf 5.25p General Cons Inv Tst Stopd Pf Co-operative Wholesala 7%% 1st Mtg Db 2018 £3.8125 2.1565p Glynwed Int 7%% Cm Pf 2.7125p Haistead (J) 51/2% Pf 1.9250 Crode Int 5.9% Pf 2.95p Hawtin 4.55% Pf 2.275p Do 6.6% Pf 3.3p Dead See Works 5% Db 2002 Headlam 5.6% Pf 2.80 -Higgs & Hill 7% Pf 2.45p NISO.25 IMI 51/2% Un Ln 2001/06 £2.75 De Beers Centenary Fin 9%% Int Inv Tst of Jersey 13% Cm Gtd Bd 2020 4.875p Debenhams 71/4% 2nd Db Kilroot Electric 91/2% Db 2006/ 1991/96 £3.625 Delta 4.2% Cm 1st Pf 2.1p 10 24.75 Kleinwort O'seas Inv Tst 4% Do 3.15% Cm 2nd Pf 1.575p Dencora 81/4% Rd Pf 3.125p Cm Pf £2,00 Lazard Smaller Equities Inv Tst Denmark (Kingdom of) 13% Ln Cm Stopd Pf 6.375p Lex Service 61/2% Pf 2.275p Derby Tst 71/2% Db 1999/2003 £3.75 London Park Hotels: 101/2% 1st Eastbourne Water 101/2% Rd Mtg Db 2000/05 £5.25 Manganese Bronze 81/4% Cm Pf 2.8875p Do 11.2% Rd Db 2005/09 Marley 11%% Db 2009 Do 121/2% Rd Db 2004 £6.25 25.9375 Ecclesiastical Ins 10% Cm 2nd Marshalls 1136% Db 1992/ Rd Pf 5p Do 8%% Non-Cm Imd Pf 2014 25.6875 Marshalfs Universal 71/2% Rd Pf 3.75p Edinburgh Inv Tst 111/2% Db Merivale Moore 101/2% 1st Mtg Db 2020 £5.25 Mid-Kent Water 4% Perp Db Do 5% Cm Pf 1.75p Electric & Gen Inv 10.1% Db Do 5% Perp Db £2.50 Mid Southern Water 31/2% Estates & Gen 11.25% 1st Mtg

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2001 £4.65 Do 13%% Un Ln 2007 Pittards 9.5% Cm Pf 4.75p Paintation & General Invs 9% Cy Ln 1999 £4.50 Quarto 8.75p Pf 4.375p Queens Moat Houses 12% 1st Mtg Db 2013 £6.0 Quicks 10% Cm Pf 5p REA 9% Cm Pf 4.5p Do 12% CV Ln 2000 26.0 Record 10% Cm Rd Pf 5p Regis Prop 8%% Gtd Un Ln 1997 £4.375 Retail Corp 61/2% Cm Pf. 2.275p Do 5%% Gm 2nd Pf 2.0125p River & Mercantile Tst 5% Pf £1.75 River Plate & Gen Inv Tst 4% Db Ind £2.00 Robinson (Ryders Green) 11% Rolls-Royce Power Eng 3% Cm Pf 1.5p Do 5%% Cm Pf 2.6875p Do 11% Cm Pf 5.5p Ropner 11%% Cm Pf 5.75p Rotork 91/2% Cm Pf 4.75p Rugby 8% Un Ln 1993/98 £3.00 Do 74% Un Ln 1993/98 £3.875 St Andrews Tst 514% Cm Pf £1.8375 St Davids Inv Inc 7p Schroders 8%% Un Ln 1997/ 02 £4.375 : Scottish Mortgage & Tst 6-12% Stopd Int Db 2026 Simon Eng 914% Db 1992/97 94.625 Sirder 71/2% Cm Pf 2.625p Slough Estates 111/4% 1st Mtg Db 2019 25.625 Do 12%% Un Ln 2009 26.1875 Smurfitt (Jefferson) 6% Gross Pf IR2.5486p Sunderland 3% Fd Debt Anns Do 41/2% Fd Debt Anns £2.25

UK COMPANIES ■ TOMORROW COMPANY MEETINGS: Jupiter European Inv Tst, Knightsbridge House, 197, Knightsbridge, S.W., 10.30 North American Gas Inv Trust, Knightsbridge House, 197, Knightsbridge, S.W., 11.30 BOARD MEETINGS: BB & EA Interims: **BBB** Design Staneico

FRIDAY DECEMBER 29 COMPANY MEETINGS:

Temple Bar Inv Tst 9%% Db 2017 £4.9375 Tendring Hundred Water 4% Db £2.00 Tennessee Gas Pipeline 10% 9/\$ Cv Ln 1991/95 95.0 Tootal 41/4% Perp Db £2,375 Trafalgar House 5:575% Cin Pf 2.7875p Do 7% Un Db 3.5p Do 10%% Un Lin 2001/08 25.125 Transport Development 4.7% Pf 2.35p Do 814% Un Ln 1993/98 £4.125 TR City of Landon Tst 111/2% Db 2014 £5.75 TR Technology Stppd Pf 3.517751p Do Units 14.071004p Unigate 61/2% Un Ln. 1992/97 23.25 United Kingdom Prop 81/2% Un Ln 2000/05 £4.25 Waddington 4.2% Cm Pf 2.1p Do 5.6% Cm Pf 2:8p 2006 4.125p £2.00 · ···· Whirtpool \$0.34 4.38p 2.1p.

THE PERSON NAMED IN

Watmoughs 8%% Cm Rd Pf West Kent Water 4% Perp Db Widney 8.76% Cv 2nd Pf 2000 Williamson Tea 6% Cm.Pf.... Wilson (Connolly) 8% Cm 1st Pf 2.8p Do 10.5% Cm 2nd Pf 5.25p. Wolverhampton & Dudley Brews 6% Cm Ptg Pf 2.8p. :. Wood (A) 71/2% Cm Pf 2.625p Wyevale Garden Centres 8.5p Cv Pf 4.25p Yorkshire Cherns 5% Cm Pf 1.75p York Waterworks 5% Deb £2.50

Conrad, Comrad House, Longwood Road, Paddock Huddersfield, 10.00 Trace Computers, 224-232, St. John Street, E.C., 2.30 ...

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately. six weeks after the board. meeting to approve the preliminary results.

Shires High-Yielding Smaller We're toasting twenty-six years of Asia Pacific exploration and discovery with a nice cup of tea.

It started in Indonesia, when we committed our skills to help meet the energy needs of growing Asia Pacific countries. Over the years, we've added billions of dollars to the region's economy. Our assets in the region exceed \$2 billion. Now, we're producing oil and gas in Indonesia, about to commence producing gas in China and exploring for petroleum elsewhere throughout the region.

ARCO was the first American oil company to initiate an exploration agreement with China. That was in 1981. Today, we are developing the

largest Chinese offshore natural gasdiscovery ever. It's in the South China Sea. Gas deliveries via an 800-kilometer undersea pipeline will begin to Hong Kong early next year.

Our Asia/Pacific commitment is stronger than ever. We are continuing our contribution to the region's economic growth with the resources of ARCO's four major businesses — petroleum exploration and production, refining and marketing, petrochemicals and coal mining. As each develops in the years ahead, we look forward to helping the region fulfill its economic promise.

ARCO

the Panoroma interview

with Princess Diana,

female pulchritude, a keen horse-

man in the background presented

sometimes as victim but mostly as villain, huge ratings, and of course

the same originating network -

The BBC's future should surely

organisation can win the sort of

prestige that it did with Andrew

Davies' splendid adaptation of the

Austen novel and at the same time

show a clean pair of heels to every

other news and current affairs out-fit in the world. Be in no doubt about this, incidentally, we would

not have had a whill of the sour

grapes dished up by the BBC's competitors ("What is the royal family

coming to ... How dare the BBC ...") had one of those competi-

metal animals to add to the Golden

Bears, Silver Swallows and so on awarded at various festivals - Brass

Rats, perhaps - then the one for

drama in 1995 would certainly go to Pride and Prejudice although it was

not the year's only impressive piece

of work. Among other adaptations: there was an excellent Little Lord

Fauntleroy (also from BBC1) in Jan-

uary, and The Choir in March

(BBC1 again) about angst in a cathedral close. That clashed with ITV's gritty, not to say grinny, saga

Band Of Gold, about prostitutes

scraping a living on the streets of

Were this column to have a set of

tors got the scoop itself.

DCT-MBER 27 1995

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LOYMENT

EN KINGDOM

BERLIN

Deutsche Oper Berlin Tel: 49-30-3438401 Carmina Burana: by Orff. Performed by the New London Consort, with conductor Philip der Deutschen Oper Berlin, conducted by Rafael Frühbeck de Peper; 7.30pm; Dec 29

Konzerthaus Tel: 49-30-203092100/01 Rundfunk-Sinfonieorchester Berlin: with conductor Rafael. Frühbeck de Burgos and the Rundfunkchor Berlin perform Beethoven's "Choral Fantasia" and "Symphony No.9". Soloists include pianist Annerose Schmidt, sooreno Eva Johansson, alto Lite Walther, tenor Endrik Wottrich and bass Erich Knodt: 7.30pm; Dec 30, 31 (4pm) Philharmonie & Kammermusi

Tel: 49-30-254880 ` Berliner Philharmonisches Orchester: with conductor Claudio Abbado, the female singers from the

Year of the Brass Rat t the end of 1995 two * Hamish Macheth (BBCI yet again) programmes stand out brought as a somewhat er, idiosynfrom the television yeer: cratic Scottish policemen in March

and then we had to wait until the

Television/Christopher Dunkley

autumn season for Alan-Bleasdale's and the autumn adaptation of Pride and Prejudice. They had much in common: marital melodrama. iong and under plotted yet engross-ing account of Jake's Progress on Channel 4. In all sorts of circumstances, afficionados around the country were urging one another. "Pleh with mi, Daddih!" And of course ITV brought us a last, though anything but inferior, series of Cracker with Robbie Colirane as the fat, carousing, gambling, womnot be in too much doubt while the

anising police psychologist Fitz.

It was a relatively rich year for drama in the other categories, for the sake of space, we shall have to stick to a shortlist of three (at most) and a street witner of the Freeze and a single winner of the Brass Rat. The finalists for the Factual Series award were: In The Con Of Men. Molly Dineen's BBC2 trio of documentaries about the members of the Weish Guards Regiment, The People's Century, a linge undertak-ing not yet finished nising archive and new interview material to tell the story of the 20th century from the point of view of the ordinary person; and Secret Lives, Channel 4's revisionist series which has sought to adjust our ideas on such people as Marie Stopies and Baden-Powell. And this winner is (sound of ripping envelope): The People's Cen-tury for its scope and thoroughness.

Shortlisted for the Arts award are three BBC2 series: Londscope And Memory in which my old classmate Simon Schama discussed the ways in which landscape shaped culture, and vice versa, in Europe and the US; Cinemo Europe, a fascinating six-part account by David Gill and Kevin Brownlow of the early days of film making in Europe; and

Painting The World, a series screened at the start of the year in which Neil MacGregor, director of the National Gallery, proved that more. And the winner is ... Pointing The World. We could do with more programmes from MacGregor and his producer Patricia Wheatley - who does not editorialise on paintings but shows them as the painters intended (whole) - as soon

as they like.

he best current affairs programme I have seen in the past 12 months was the Danish entry at this year's Prix Italia: Spillet Om Europa ("Endgame Europe"). It showed with more economy and impact than any of the British programmes on the same subject which I have seen, the reasons why it is becoming impossibla to sustain cradle-to-tha-grave welfare states in Europe. Others have shown that Asia is not merely ahead in textile production but racing ahead in high technology and even computer software - at a tenth of European wages. But this programme showed how attitudes are also crucial. The attitude to education in Asia today seems to be what it was in Britain 100 years ago: get it at all costs.

However, the Brass Rats are intended for British made programmes, so the shortlist is: Messengers From Moscow, Daniel Wolf's BBC2 series looking at the cold war from the Soviet side, Westminster's Secret Service, a 60-minute programme shown in May in which

Michael Cockerell investigated the world of the Parliamentary whips; and The Death Of Yugoslavia, a fivepart (soon to add a sixth) BBC2 an articulate man in possession of series which undertook the daunt-much knowledge can stand in front of a picture, keep you enthralled for the events of the last few years half an hour, and leave you wanting occurred in Yngoslavia. And (snare series which undertook the daunting job of explaining how and why drum) the winner is Messengers From Moscow which exploited recently released archive material

> Comedy remained in the doldroms in 1995. In May BBC1 screened a new series called Next Of Kin which seemed to have potential: Penelope Keith played an old fashioned meat-eating, ear-cuffing grandmother, landed with a trio of tree-hugging grandchildren after the son and daughter in-law die in an accident. The generation gap plus political correctness seemed to me quite promising, but we have heard nothing more of the series. Due South was an amusing import from Canada about a supposedly naive Mountie from the boondocks who becomes attached to a big city police department in the US and (oh, you guessed!) proves smarter than the average urban cop. However, the Brass Rat goes to Channel 4's Rory Brenner, Who Else? a show which keeps on getting tougher and funnier. John Bird and John Fortune get a special ratlet to them-

> Ken Campbell is awarded the ears and tail for being the only person this side of Alpha Centauri who would even try to explain hig bang theory and the whole of modern physics - parallel universes, strong and weak forces, even charm - to the general public via television, in a Channel 4 series called Reality On The Rocks. David Attenborough



Jennifer Ehle and Colin Firth as Elizabeth Bennet and Mr Darcy in the BBC's adaptation

gets the Still The Best In The World And No Signs Of Flagging award for The Private Life Of Plants, shown on BBC1 at the beginning of the year. And Live TV, the cable channel launched by the Daily Mirror, receives a special award for being such a good sport. Having called

upon Janet Street-Porter to create a 24-hour network with a budget which could quite easily have sustained a moderate sized chip shop, they then called in former Sun editor Kelvin MacKenzie to oversee matters...yet they allowed Robert Thirkell to film the resultant deba-

cle for the recent BBC2 documen tary Nightmare At Canary Wharf. That shows a sense of humour. Shall we have better television in 1996? It is possible, but what is cermaking it harder than ever to dis-

Drama offstage, but the play's the thing

ell, Stephen Fry walked out of a West End play, and Fiona Shaw played Richard
II - but otherwise 1995 has proved a very ordinary year for British theatre. Big events like the new Stoppard play (Indian Ink) and Ralph Figures's return to the stage (Ham-let at the Hackney Empire) amounted to rather less than we might have hoped for. The RSC had too high a proportion of duds; the Redgraves' season at the Riverside had too much dross; and so on.

But an ordinary year for British theatre would be an extraordinary year anywhere else. Just tot up the names! There were new plays by Ray Cooney, Michael Frayn, Simon Gray, David Hare and Tom Stoppard. And productions of plays by Pedro Calderon de la Barca, Heinrich von Kleist, Friedrich Schiller, Odon von Horvath, Sean O'Casey, Max Frisch, Eduardo de Filippo, Sam Shepard, and Jose Rivera.

Judi Dench, Gemma Jones, Julia McKenzie, Vanessa Redgrave, Mag-gie Smith, Flona Shaw, Juliet Stevenson, Frances de la Tour, Harriet Walter, all performed in London; as did Alan Bates, Brian Cox, Michael Gambon, Alan Howard, Eddie Izzard, Rik Mayall, Paul Merton, Harold Pinter, Stephen Rea, Simon Russell Beale, Antony Sher. Out of London yon could see Lauren Bacall, Patrice Chéreau, Derek Jacobi, Alec McCowen, Ian Richardson, Penelope Wilton . . . True, some proved disappointing; but it is a lux-ury to be able to say so.

The best new plays, in fact, came not from the best-known names. Patrick Marber's Dealer's Choice was more than a highly accom-plished first play, an enthralling study of the vulnerability of men who play poker, it moved with assurance from hilarity to dark

emptiness. I am sorry to have missed another new play that won golden opinions: Jonathan Lewis's Our Boys, about life in a military hospital, both at the Derby Playhouse and at the Donmar Warehouse. (And I missed Sarah Kane's controversial *Blasted* at the Royal Court's Theatre Upstairs.) Sebastian Barry's The Steward of Christendom - at both the Royal Court's Theatre Upstairs tour and the main theatre - mixed poeiry, memory, and psy-chology in its compassionate portrait of a part-mad old Irishman. Phyllis Nagy gave us two new plays. The more prestigiously presented of the two, The Strip at the Royal Court, proved an over-ambitious disappointment, but Disappeared, a touring production that later arrived at the Court's Theatre Upstairs, was enthralling.

But it was not the new plays that caused most of the talking. Nor was it always the famous actors: witness several productions at the National Theatre. Deborah Warner's staging of Richard II worked so beautifully at the Cottesloe, and contained several supporting performances so first-rate that I would call it the Shakespeare staging of the year were it not for Fiona Shaw's mannerisms amid the title role. You could argue about Alan Howard's performance in Eduardo de Filip-po's La Grunde Mogia at the Lyttel-ton, but the fascinating thing was the play itself. In Phyllida Lloyd's Lyttelion staging of *The Way of the World*, Geraldine McEwan's performance deserved an award rather less than her costume, and tha whole andacity of the play's new look. (Anthony Ward's designs for this and La Grande Magia were out-standing.) Jeremy Sams's staging of O'Keeffe's Wild Oots was beautifully cast, but its delight was above all in its ensemble and freshness.

It was very good to see Rodney Ackland's Absolute Hell at the Lyttelton, perfectly timed during the 50th-anniversary memories of the end of the war, and Anthony Page's staging was led by the performance of the year: Judi Dench, whose blend of authority and truthfulness goes from strength to strength. (She later went on to excel in a less remarkable role in Sondheim's Little Night Music, well staged with a crack cast at the Olivier.) And the National's year came to an end with what may have been the year's out-standing male performance, Simon Russell Beale's Guildenstern in

Alastair Macaulay looks back at the highs and lows of theatre in Britain during 1995

Stoppard's Ronsecrantz and Guildenstern are Dead. Russell Beale's Ferdinand was also the outstanding performance in Philip Franks's staging of The Duchess of Malfr, and his Mosca in Matthew Warchus's Olivier production of Volpone was no less fine.

At the RSC there were more horrors than wonders. I leave it to masochists to decide whether Gale Edwards'a Stratford staging of The Taming of the Shrew was as bad as David Thacker's of The Tempes (Young Vic) or Steven Pimlott's Richard III (Stratford). Of course there were some outstanding Shakespearian performances - such as Lucy Whybrow's most original and captivating Juliet in Adrian Noble's new Victorian-dress Romeo, Iain Glen'a Henry V at the Barbican, Philip Voss's Menenius in Thacker's French-Revolution Coriologues (also at the Barbican) - but nothing to

stop us feeling that the RSC is now misnamed. The company's most marvellous new production, staged by its artistic director Noble, was of Chekhov's The Cherry Orchard, a superbly cast staging at the Swan Theatre, that was a privilege to behold in the intense humanity of its least detail. Lucy Whybrow is one of several

young actors who won new attention this year. Julian Rhind-Tutt was exceptional in utterly contrasting roles in the National's stagings of Richard II and The Way of the World. Victoria Hamilton won the best reviews for her precocious Hilde in Peter Hall's Haymarket staging of Ibsen's The Master Builder - although she was even better at Richmond's Orange Tree in James Saunders's new Retreat earlier in the year. Also at the Orange Tree, a cast of too-little-known actors - Rakie Ayoka, Vincenzo Nicoli, Jonathan Wrather, directed by Dominic Hill - made Jose Rivera's Each Day Dies with Sleep one of the most thrilling events of the year. And it was the three young actors - Claire Skinner above all - who excelled in Sam Mendes's engrossing Donmar Ware-house staging of *The Glass Menag-*erie (now in the West End).

From seasoned actors too there were numerous brilliant performances: John Alderton's consummate comic command in What the Butler Saw (Lyttelton), Alun Armstrong's intensely thoughtful Professor in Terry Johnson's revival of his own *Insignificance*, Michael Bryant and Paola Dionisotti in support ing roles in Richard II. Daniel McCann'a overwhelming force as the old man of The Steward of Christendom, Julia McKenzie's panache in Alan Ayckbourn's Communicating Doors, Sian Thomas's anguished but vindictive Mrs Mar-

wood in *The Woy of the World*, Penelope Wilton's heart-rending Mme Ranyevskaya at Stratford. It is dismaying that, amid such performances of this stature, serious attention has been bestowed on Geraldine McEwan's Lady Wishfort or Diana Rigg's Mother Courage.

Cheek by Jowl's all-male As You Like It, Shared Experience's The Mill on the Floss, DV8's Enter Achilles proved each highly important examples of individual company styles. Eddie Izzard, daffy spontaneity personified, enchanted the Shaftesbury Theatre for over two months.

The Royal Court has launched a season at the Royal Court questionably entitled "Modern Classics"; but one of the constant delights of theatre-going in Britain is that we are frequently given serious stagings of seldom-seen old classics. The Edinburgh Festival concluded with a wonderful double bill of plays by Sasha Guitry, a widely forgotten precursor of Noel Coward: The Illusionist (1917) and Let's Dream (1916), superlatively directed by Luc Bondy and performed by the Berlin Schu-bühne am Lehniner Platz. Quite by chance, our home companies gave us a wealth of Euripides (in particular, the Gate's Agamemnon's Children triptych) and a flood of Strindberg (especially The Dance of Death at the Almeida, Easter at the RSC, and A Dream Play at the Glasgow Tramway). The Gate's triple bill, directed by Laurence Boswell was an especial revelation in terms of its surprising humour and musical excellence, while A Dream Play (in a production from Sweden) brought out the most magical aspects I have yet known from Robert Lepage as director. Guitry, Strinberg, Euripides . . . Theatre-going in Britain is, thank heaven, a perpetual educa-

INTERNATIONAL

Pickett, and the Chor und Orchester Burgos. Soloists include Fionnuala McCarthy, George Fortune and Uwe

Ernst-Senff Chor and soloists Sylvia McNair, Angelika Kirchschiager and Barbara Silkowa pedorn Mendelssohn's music to "A Midsummer Night's Dream" and "Symphony No.4"; 7pm; Dec 30, 31 (5.15pm) ...

■ BIRMINGHAM CONCERT Symphony Hall

Zoe Wanamaker and the exciting young Claire Skinner in

Sam Mendes's engrossing staging of The Glass Menagerie

Tel: 44-121-2123333. Hallé Orchestra: with conductor Martin Yates and the Pro Music Chorus of London perform Act II. New Year's Eve party scene from J. Strauss' "Die Piedermaus" and excerpts from Lehar's TDie Lustige Witwe". Soloists include Amanda Thane, Lilian Watson, Giorla Parker and Philip Salmon; 7.30pm; Dec 30 • Mozart in Costume: the Mozart Festival Orchestra with conductor lan Watson and hom-player Jeffrey Bryant perform works by Mozart in authentic 18th-century costumes; 7.30pm; Dec 29

■ BONN MUSICAL. Oper der Stadt Bonn Tel: 49-228-7281

● Anatevica: by Book Conducted by Hansgeorg Koch and Performed Tel: 49-228-7281 by the Oper Bonn. Soloists include Katja Bellinghausen, Jacqueline Kommüller, Bert Oberdorfer and Peter Beck; 8pm; Dec 29, 30

■ COPENHAGEN DANCE Det Kongelige Teater Tel: 45-33 14 10 02 The Triumph of Death: a choreography by Flindt after lonesco'a play "Jeux de Massacre", performed by the Royal Danish Ballet; 8pm; Dec 30

DRESDEN OPERA & OPERETTA

Tel: 49-351-49110 La Nozze di Figaro: by Mozart.
 Conducted by Wolfgang Rennert and performed by the Sachsische Staatsoper Dresden. Soloists include Andreas Scheibner, Claudia Kunz, Eva Kirchner and Jukka Rasilainen; 7pm; Dec 29

= HAMBURG **EXHIBITION** Hamburger Kunsthalle

Tel: 49-40-24862612 Jannis Kounellis: Kounellis created an installation for the museum at its special request. At the same time a retrospective of his work is on show: to Jan 7 Hamburgische Staatsoper Tel: 49-40-351721 La Bonème: by Puccini. Conducted by Elio Boncompagni and performed by the Hamburg

■ LAUSANNE OPERA & OPERETTA Théâtre de Beaulieu Tet: 41-21-6432211 Le Comte d'Ory: by Rossini.
 Conducted by Evelino Pido and performed by the Orchestre de

Cambre de Lausanne and the

Oper. Soloists include Lucia

Mazzaria, Franco Farina and Albert

Schagidullin; 7.30pm; Dec 28; Jan 2

Choeurs de l'Opéra de Lausanne. Soloists include Alessandro Corbelli, Valérie Lecoq, Jeffrey Francis and Nadine Chéry; 8pm; Dec 31 (7pm); Jan 3, 5, 7 (5pm), 8, 11

LONDON

CONCERT St. Martin-In-the-Fields Tel: 44-171-8300089 Annetta Servadel: the pianist performs works by Sibelius, Grieg, Mendelssohn, Rachmaninov, Brahms and Liszt; 1.05pm; Dec 29 figmore Hall Tel: 44-171-9352141 Brindisi String Quartet: with planist Barry Douglas perform works by Purcell, Bartók and Brahms; 7.30pm; Dec 30

JAZZ & BLUES Royal Festival Half Tel: 44-171-9604242 Robert Carter Quintet: plano-led contemporary jazz classics and originals, featuring Andy Panayi (saxophone), Martin Shaw (trumpet), Tim Wells (bass) and Mark Fletcher (drums); 5.15pm; Dec 29 **OPERA & OPERETTA**

Royal Opera House - Covent Garden Tel: 44-171-3044000 · Aida: by Verdi. Conducted by Daniele Gatti and performed by The Royal Opera. Soloists include Sharon Sweet, Nina Terentieva. Leah-Marian Jones, Dennis O'Neill and Simon Estes; 7.30pm; Dec 30

■ LOS ANGELES

EXHIBITION Los Angeles County Museum of Art Tel: 1-213-857-6522 Georg Baselitz: this large-scale

exhibition, which premiered at the Guggenheim Museum in New York, surveys Baselitz's works over the past 30 years, including 100 paintings and several sculptures; to

MUNICH

CONCERT Philharmonie im Gasteig Tel: 49-89-48098506 Symphony No.9: by Beethoven. Performed by the Münchner Philharmoniker with conductor Dennis Russel Davies and the Philharmonischer Chor München. Soloists include ReInhild Runkel Alexander Spermann and Hans Sotin: 8pm; Dec 30, 31 (5pm); Jan 2

■ NEW YORK CONCERT. Avery Fisher Hall

Tel: 1-212-875-5030 New York Philharmonic: with conductor Leonard Slatkin and soprano Julia Migenes perform works by Gershwin, Rodgers, Anderson, J. Strauss, Lehar and others; 8pm; Dec-30 JAZZ & BLUES Blue Note Tel: 1-212-475-8592 Nancy Wilson & her Trio: featuring Liew Matthews, John B. Williams and Roy McCurdy; 9pm &

11.30pm; Jan 2, 3, 4, 5, 6, 7 ■ PARIS

EXHIBITION Galeries Nationales du Grand is Tel: 33-1.44 13 17 17 Rétrospective Paul Cézanne; major retrospective exhibition of works by the French painter Paul

Cazanne. The exhibition includes paintings and watercolours by Cézanne lent from private and public collections throughout the world. In 1996 the exhibition will also be on display in London and Philadelphia;

THEATRE Comédie Française, Salle Richelleu Tel: 33-1 40 15 00 15 Le Misanthrope: by Molière. Directed by Simon Eine. The cast includes Alain Pralon, François Beaulieu, Dominque Constanza and Yves Gase; 8.30pm; Dec 31

■ STUTTGART OPERA & OPERETTA Staatstheater Stuttgart

Tel: 49-711-221795 · Fidelio: by Beethoven. Conducted by Robert Spano and performed by the Oper Stuttgart. Soloists Include Anne Evans, Louise Walsh, Michael Ebbecke and Wolfgang Probst; 7.30pm; Dec 30;

Jan 4 La Traviata: by Verdi. Conducted by Francesco Corti and performed by the Oper Stuttgart, Soloists Include Carla Basto, Annette Kuhn. Alexander Fedin and Jom Wilsing; 7.30pm; Dec 29

ZURICH OPERA & OPERETTA Opernhaus Zürich Tel: 41-1-268 6666 Die Frau Ohne Schatten: by R. Strauss. Conducted by Christoph von Dohnanyi and performed by the Oper Zürich. Soloists include Gabriele Lechner, Anja Silja and

Gwyneth Jones; 6pm; Dec 30

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Toniant

Hajime Funada · By William Dawkins

A rebel with discretion

The Japanese tradition that wisdom is a function of seniority makes it hard to identify the country's next generation of leaders. The seriously ambitious find it prudent to be discreet.

But Mr Hajime Funada, 42, who two years ago enjoyed a brief six months as Japan's youngest ever cabinet minister, is probably one of the young Japanese politiclans best qualified to become a prime minister in the 21st century. Although discreet in the best Japanese manner, he has an urge to reform the political system and enjoys tha support of some powerful

Earlier this month, a poll of political journalists by Bungei Shunjn, the respected political magazine, identified Mr Funada, a senior member of the opposition New Frontier party, as one of the two people most likely to lead Japan in the party of the process of the senior member of the party of the senior members. next century. He came a narrow second to Mr Yukio Hatoyama, 48, secretary general of the New Harbinger party, smallest member of the government coalition.

One of the factors that marks Mr Funada out from the crowd is a clear head for policy. Until recently patronage took precedence over policy in Japan, but that is starting to change. "Japanese politics lacks focus. Winning elections is not about whether you can promise a political plat-form. In most voters' minds, the focus is whether you like the fellow," says Mr Funada

"Anybody can claim to make people happy. But not even God can make everybody happy. Political leaders of the future must have the will to persuade people that painful reforms are necessary," he argues. Lacking such persuasive leaders, Japanese voters have been lulled into a state where they no longer have a clear idea of of what they want, he says.

That is one reason why the Japanese government finds it impossible to respond decisively to the multiple economic, financial and social crises now before it, he

Among the tough national decisions which Mr Funada sees ahead are the simplification of Japan's costly distribution system, in which several layers of middlemen take a slice of profit before products reach the customer at an inflated price. He admits that hitting distribution is especially unpopular in his constituency of Tochigi, central Japan, where wholesalers are a big lobby.

Another of his credos is to curb the fiscal deficit - now nearly 8 per cent of gross domestic product - which, as the French government has found out in by Mr Funada and others.



Political leaders of the future must persuade people that painful reforms are necessary'

recent months, can be the bitterest of medicines for voters to swallow.

At first meeting, it is hard to discern what gives Mr Funada, an amateur astronomer, star quality. Polite and neatly dressed in a dark suit, be resembles a family solicitor rather than a political hotshot. Asked if he is ambitious, Mr Funada laughs nervously and evades the question.

The clue to Mr Funada, suggest his friends in the New Frootier party, may be that he neatly bridges the old and new worlds of Japanese politics, an asset in a country where evolution rather than revolution is the principle of change. Mr Funada's roots are in the old world, where rsonal relations count for more than policy. But he has used them to build a career a quiet rebel, pushing for a new world in which policies are more prominent.

In traditional fashion, he inherited the constituency of his grandfather - a former speaker of the lower house of parliament at the age of 25. That was the start of what could have been a promising career in the Liberal Democratic party, which ruled Japan for nearly four decades until it started a 10-month period in opposition in mid-1993, in part prompted by defections

As head of the LDP's youth section, Mr Funada was a rising star of the Takeshita faction, the biggest in the party and as such the nearest thing to a centre in Japan's diffuse power structure. Thus, he was able to jump the usual decades-long queue to a cabinet place and become minister of economic planning in late 1992. As minister, Mr Funada embarrassed himself by forecasting economic recovery in early 1993, weeks before the upturn collapsed into what turned out to be a triple-dip

recession, the deepest in postwar years.

But it was frustration with the LDP's gerontocratic ways, rather than the vagaries of Japan'a economy, that prompted Mr Funada to join a new group in mid-1993, formed by other party dissidents devoted to changing the face of Japan. It was the core of the coalition which formed the present New Frontier party last December.

At the outset, the new party aimed to replace faction politics with a competitive two-party system, in which leaders could rise by their ability, rather than with the help of personal relationships nurtured by decades of attendance at constituency weddings and funerals.

Mr Funada, having abandoned a com-fortable future in the Takeshita faction, was among the first to point out the failings that emerged in the new party soon after a difficult launch. In a magazine article last spring, he condemned it for having even vaguer policies than the LDP, and for being just as faction-ridden. "We have all-round policies, like a res-

taurant menu. We can cook this or that, but there's no chef's recommendation," he complained.

Today, he believes that the New Frontier party could break up at any time. But this does not mean, he argues, that Japan's attempt at political reform is dead. The early demise of the first post-LDP government of Mr Morihiro Hosokawa in early 1993 interrupted the creation of a political system more responsive to voters' aspirations, but did not kill it.

The next stage, he forecasts, may be the split of the New Frontier party into two groups, one to ally with further LDP defectors and another, including Mr Funada, to join up with the remnants of the Socialist

The future may be chaotic, and it may take two or three general elections, beginning next year, for Japan's slow political realignment to clarify into a stronger form of government. But look out for Mr Funada. The chances are that he will step more deftly through the political fog

LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SEI 9HW

We are keen to encourage letters from readers around the world. Letters may be fureit to 144.71-875-5030 junction to fine), a mail: letters editor of com. Translation may be available for letters written in the mail integrational than

Irish Steel row points to weak decision making

From Professor Ray Kinsella. Sir, The approval by the European Union Industry Council ("London and Dublin aid row", December 21) of the Irish government's decision to provide financial aid to Irish Steel as part of that company's privatisation was sensible. But the manner in which agreement was reached including a last-minute "shoot-out" at a specially convened council - was anything but sensible. It highlighted the need for more

subtle and robust decision-

the Maastricht treaty.

is to be

making processes than those

that exist or are envisaged in

There is another lesson to be learnt. In an integrated single market - and much more particularly in a political union policy is seamless. Tensions and brinkmanship in one area have an impact on other sometimes apparently unrelated - areas. In this instance, there was little apparent connection between the future of the European steel market and the status of the Anglo-Irish peace process. But the political reality is that such a connection existed. Special relationships may be difficult to formalise, but they are of crucial importance in

getting the business done. The

UK a insistence on holding out on the provision of £30m (\$46m) state aid by the Irish government despite the European Commission's approval and the agreement of other member states - and notwithstanding the UK'a signingoff on 26bn of state aid to the steel industry in other EU members or the £4.5bn spent on preparing British Steel for privatisation - was wilful It cast a shadow over relations between the two governments

at a sensitive time. There may be domestic political capital to be made out of such brinkmanship. But it comes at the cost of straining

bilateral relations between member governments where personal chemistry and goodwill between ministers are central to leadership, especially in contentious areas.

At EU level, this kind of political drama simply serves to undermine the proper purpose and indeed credibility of the council Post-1996 we will have to take a lot more seriously the art and the science of good governance within the Union.

Ray Kinsella Graduate School of Business University College, Dublin, Ireland

New Zealand central bank congratulated

From Mr Walter Grey.
Sir, May I suggest to Mr Gerald Holtham (Letters, December 21) that, far from castigating the independent New Zealand Reserve Bank, he should thank it for pulling the New Zealand Treasury's inflationary chestnnts out of the

If that means a tighter monetary policy than would have been necessary or appropriate otherwise, whose fault is that? And how often, in a reverse case, do we hear of the opposite medicine having to be applied? New Zealand's situation is indubitably better than it was before the advent of the present regime, or than it would have been otherwise.

Of course, in New Zealand as elsewhere, things would be better still if monetary and fiscal policy were more closely "co-ordinated" at all times. But whereas monetary policy can be assigned to an independent authority charged with (and accountable for) maintaining price stability, fiscal policy will always be the inalienable province of the elected government of the day. Some conflict between the two In arriving at an appropriate policy mix is therefore built into the system. Nevertheless, the risk of inflationary excesses will be minimised if monetary policy, at least, is conducted by nonpolitical hands at all stages of

Walter Grey, 12 Arden Road, Finchley, London N3 3AN, UK • And there are two

the electoral cycle.

The facts concealed by a smokescreen

From Mr Keith W.D. Jago. Sir, With the festive season now upon us, it is apposite to reflect on two facts relating to bealth and safety in the

workplace. First, that from January 1. 1996, the full force of the European Union directives on health and safety (the "six-pack") will apply to all workplaces, existing as well as new. These requirements include, inter alia, that smoke-free rest areas are provided for non-smokers (regulation 25)

Second, the true cost to employers of existing smoking policies is far higher than many think. According to Lifestyles at Work, the research group, a nine a day smoker taking 10 minutes per cigarette break wastes seven and half hours of company time each week - in effect, 20

per cent of a 37%-hour working An enlightened smoking

policy that provides smoking rooms (non-leaking, we hope!) will mean that, from the smokers, a company will get only 80 per cent productive time. Assuming, say, 30 per cent of a workforce are smokers, the direct cost of this smoking time amounts to 6 per cent of the direct labour cost. So in a workforce of 1,000, the overhead for allowing smoking at work is 60 staff (1,000 x 30 per cent x 20 per cent). A . daunting cost indeed - 60 staff are in effect wasted every

And the real cost is far higher if lost "smoke breaks" are covered by overtime working at premium rates: time x 1.5 will cost what amounts to 90 lost staff out of 1.000, not to mention the costs of smoking rooms and ill-health among the smoking population. No smokescreen just facts.

Health risk management is about identifying and controlling risks before they cause problems and lead to losses. Clearly, smoking at work is a problem that is

already causing vast losses. The only logical conclusion is that January 1 must become a milestone for managing smoking at work. Working and smoking must simply become mutually exclusive activities. and a policy of no smoking at work become the norm in all

Ketth W.D. Jago, Hollingdean Community Centre, Thompson Road. Brighton BN1 7BH,

Optimism over biotech companies misplaced

investment trusts busy laving

off risks. Of his experts, one is

buying and holding (probably

praying, too), while the other

From Professor N.W. Simmonds. Sir, The general tone of Daniel Green's article on biotechnologically based pharmaceutical companies ("Beyond the barriers of alchemy", December 16) was optimistic, yet: One of his companies rests

on a single spectacular possibility not yet realised in nractice: Another offers several interesting but essentially minor attractions;

 Another is busy getting out from under. Two more seem shaky; · Yet another is clever,

ems to distrust repeated bull markets. I don't read this as support for biotech shares - and this is the pharmaceutical end of the market, remember.

If biotech is to pay off anywhere, it will be here, in pharmaceuticals. The agricultural end of tha game looks even worse.

Indeed, the new agricultural revolution has been predicted for 15 years, as I recall, and nothing of real interest has happened yet, millions of bucks and rivers of ink later. To say this is rather like

remarking that the emperor has no clothes - well, he As Fred Pearce remarked in

The Scotsman recently, endless promises have gone unfulfilled and the only evident product has been a hit more money for chemical companies. Scientists are not guiltless of

byping up their own baseless -promises in the hope of better grants. And this I fear applies to all kinds of hiotechnology, pharmaceutical and other. Perhaps the rabbits are at last coming home to roost (to coin.

Norman Simmonds, . 9 McLaren Road, Edinburgh EH9 2BN, UK

The chase for fat profits

The purveyors of low-calorie cuisine and exercise bikes, all trying to persuade the consumer to remove that extra weight put on at Christmas, may soon be joined by the pharmaceuticals industry. Greater knowledge of what makes people fat is encouragng drugs companies to chase the slimmer's dollar.

There is no doubt about the notential market. More than half of all adults in the US and UK are estimated to be overweight. The proportion of obese people in the UK more than doubled between 1980 and 1993 to 16 per cent of women and 13 per cent of men.

The measurement is a simple one called the body-mass index. Divide your weight in kilogrammes by the square of your height in metres. If the result is more than 25, you are overweight; more than 30 and vou are obese. A score of more than 30

increases the risk of diabetes and gallstooes, and there are links with some cancers, high blood pressure, heart disease and a range of bone, joint and skin disorders. Not surprisingly, the fat and

the not-so-fat spend plenty of money on trying to stay slim. Americans spend more than \$33bn a year on diet-related products, according to a report from Decision Resources, the US market research company. Sweetener sales alone are worth \$1bn in the US and another \$200m in Europe. Drugs industry efforts to

muscle in on the market have largely failed. Slimming drugs have had a variety of side effects and can be addictive. Obesity drugs have global sales of only about \$150m a year. That may be about to

change. Some of the industry's best known names are pouring development money into obesity. They include Switzerland's Roche, US companies Abbott Laboratories, American Home Products and Amgen, and France's Sanoti and Servier. It costs between \$200m and \$400m to take a drug all the way through the years of research and testing to market.

The pharmaceuticals industry is pouring money into anti-obesity drugs, writes Daniel Green



an investment that can be justifled only by substantial sales. The drugs companies' opti-mism is based on recent advances in the scientific understanding of obesity. Many of the causes are obvious, such as eating too much and lack of exercise. In addition low birthweight and low social class (poor people are fatter than the well-off in developed countries) are nown factors.

But the most promising opening for drugs companies is tha recognition that some factors are genetic. Inheritance accounts for between one-third and two-thirds of ohesity. depending on which scientist is Genetics provided the big-

gest breakthroughs this year. The so-called "ob" gene, discovered by the Howard Hughes Medical Institute at Rockefeller University, New York, triggers the production of a protein, a hormone called leptin. Mice injected with leptin lose Amgen, the California bio-

technology company, had paid

the institute \$20m for tha rights to develop products based on the ob gene. When the magazine Science said that the treatment cut the weight of normal mice as well as fat onea, Amgen ahares rose sharply and clinice preparing to test the drug were swamped with inquirles. More potential drugs are

likely to follow. Another gene associated with obsesity, the gene, has been identified. And the latest issue of the magazine Cell publishes details of how body cells are chemically instructed to become fat cells. The authors include suggestions on how drugs might

inhibit the process.

If the scientific obstacles are being overcome, howaver, there remains the question of regulatory approval. This has been difficult since the 1950s. when addiction and other problems arose with amphetamines, which ware used in slimming pills.

Among the contentious issues is the fact that a slimming drug that is medically desirabla for an obese person

poses. In the 1980s, Prozac, a drug that has become one of the world's best-sellers, was proposed as an appetite suppressant. It was never approved as auch, partly because of concerns about abuse by over-enthusiastic Regulators want to be sure

that any benefit from shedding weight is not outweighed by the danger of the treatment itself, something that can take many years to assess.

There are signs that regula tors are warming to the idea of obesity drugs. Last month, an advisory committee to the US Food and Drug Administration recommended the first slimming pill approval in 22 years, Dexienfluramine appears to reduce appetite without causing addiction. But the committee spent two and a half years. debating the drug, which is already on sale in Europe, and voted for approval only by six votes to five.

Such cantion is attacked by some doctors. "Obesity has been considered a moral failing." and a behavioural problem, not a real disease," says Dr Richard Atkinson of the University of Wisconsin, who has been involved in the testing of obesity drugs. "We are treating a genetically based physiological disease with psychological treatments

The battle between the two camps is yet to be fought in earnest. It promises to be a deciding factor in whether the drugs industry conquers the slimming market, Mr Jerry Balter, chief executive of Obesys, a New York biotechnology company, says: "The main obstacles to new drugs are regulatory rather than sci-

The risks of failure - scientific and regulatory - have been enough to put off some drugs companies from trying. The chief executive of one-European drugs company that abandoned research into obesity coincidentally lost 10kg this year. Asked how he did it, he replied: "I ate less."

global perspective IN EUROMONEY'S AWARDS FOR EXCELLENCE FOR 1993, 1994 & 1995

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Culture in London Fear of controversy would be a poor reason for rejecting a scheme. Worry that it may be "elitist" would be worse. The concentration of British elite culture in London is not just untain to those who live in the previous but economically disadvantageous to them as well. One of the oppor-tunities provided by the National Lottery is to remedy this distortion Unfortunately, those incharge of distributing the proceeds have failed to seize this. opportunity, by continuing to bea- not among them.

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday December 27 1995

A decade of privatisation

"privatisation" was virtually unknown However, the 1984 flotation of British Telecom proved e watershed. Since then, the systematic sale of state enterprises has accelerated on almost every conti-nent, culminating in the privatisation freuzy of eastern Europe and the former Soviet Union. Russia alone has sold more than 75,000 small businesses and 14,000 larger companies since 1992, creating more than 30m shareholders.

The potential economic benefits of transfer to private ownership are now widely accepted, based on the experience of countries with long-standing privatisation pro-grammes, such as the UK and Chile. They include the develop ment of competitive, consumer-oriented industries, and the improvement of capital markets and corporate governance. For the former communist countries the mass transfer of ownership has created something resembling a competitive market economy; for Latin American and Asian govern-ments, the sales have helped the private sector flourish.

But prevalence has not brought popularity, politically, the sale of public assets remains controversial. However different the circumstances, objections tend to be remarkably similar: the govern-ment has sold the family silver; the heads of the new company pay themselves too much; too many employees are sacked. In many countries there is widespread scepticism as to whether the benefits of privatisation are great - or shared widely - enough to justify the surrender of state control. A decade's experience shows

that some approaches to privatisation answer these concerns and allow the benefits to be realised. Others, emphatically, do not.

Deeply tarnished

First and foremost; transparency about the allocation of shares helps, as the International Finance Corporation, the World' Bank's private-sector financing arm, rightly stresses. Russian pri-vatisation has been deeply tarmshed by the way that much of the energy industry has been sold cheaply to privileged insiders. Where an industry is capable of

recognised at the time of sale. The break-up of the Russian road haulage industry and the Peruvian power company Electrolima at privatisation have helped the efficiency of those industries. In the UK, where non-nuclear power gen eration was sold as two compa nies, rather than the four or five recommended by many, subsequent regulation of prices has proved particularly troublesome.

If an industry will not support
competition, regulation can do the job. But whether through competi-

tion or regulation, some of the benefits, including efficiency

gains, must be returned to the

gramme is to have lasting support.

Outside capital

Above all, perhaps, it is the injection of outside capital which helps steer companies towards improvement. The IFC found in a study this autumn that outside investors and sponsors enormously improve corporate govermance and management discipline. Such improvement does not auto-matically follow privatisation; the **European Bank for Reconstruction** and Development observes that in the Czech Republic, Hungary, Poland and Russia privatisation has dramatically altered owner ship structures but not greatly improved corporate governance. However, it can be hard to attract outside investment without the existence of robust legal institutions, in general, east European countries have made more progress than former Soviet ones setting up a legal framework

and enforcing it. Most privatisations involve some compromise of these principles. The price received for the company is traded off against speed and the design of regula-tion. The penalties for compromising too much, however, are severe: a degree of public hostility which can jeopardise future privatisations, as in the UK, or even a whole programme of economic reform as in Russia. The rewards for thoughtful attempts to solve these problems are that Subsequent sales are easier. Teach higher prices, and benefit the economy far more.

In praise of elitism

This was a very unmerry Christmas for sponsors of the new Cardiff opera house, the focal point of the regeneration plan for Cardiff Bay. But the Millennium Commission must disappoint peo-ple: it may be able to disburse £1.6bn of money from the National Lottery's cornucopia, but this largesse merely awakens vast demands, without being enough to satisfy them all. The commission may even be right to disappoint those in favour of the scheme. But the argument that opera is too elitist to deserve support is mistaken. An opera bouse may well benefit those who do not know

The National Lottery syphons money from the pockets of millions of poor punters and pours it into e few huge tanks, from which toffs distribute it. Delicate souls feel e twinge of conscience about this peculiarly British arrangement. The benefits of the great national gamble should, they argue, go to the sorts of people who play the lottery, not those who allocate its proceeds.

If £50m of lottery loot was on its way to Cardiff, a new Cardiff Arms park, to be ready in time for the 1999 rugby world cup, should benefit, insist the populists. Rugby is the people's choice. It is also the local council's, moved not just by the appeal of the national game but by fear that the opera house might require subsidy, year after costly year. The proposed opera house has also been criticised as "weird". This aesthetic controversy belied doom it. But it was also thrown into doubt by the expected difficulty of raising the matching money in Wales, as the Millennium Commission demands.

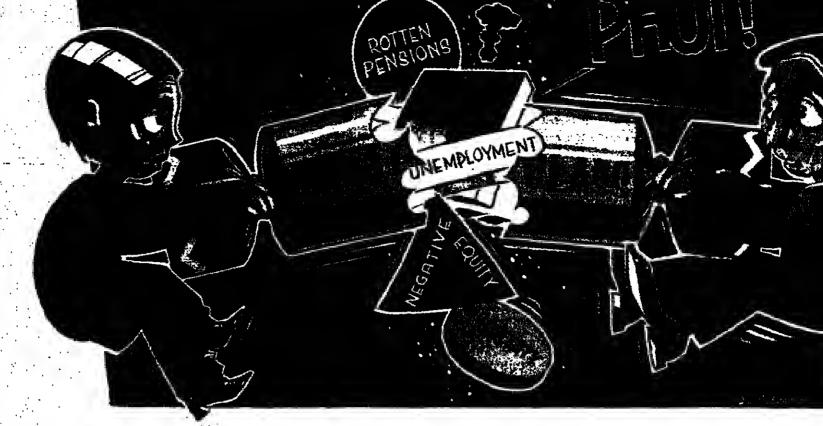
efit London disproportionately. Increasingly, the location of industry is determined not by natural resources, such as coal, but by amenities, such as music, art. theatre, dance, schools and universities. To ettract economic activity, regions must offer what appeals to educated managers and technicians. Natural beauty, lively sport and high-quality leisure facilities are important to such people. So is a rich cultural life.

Centripetal tendencies

The concentration of the UK's wealth in the south-east is not just a cause of the gathering together of cultural life in the capital but also, in a vicious circle, parily a consequence. Germany, by con-trast, has helped economic decantralisation by subsidising culture in all significant cities. Although the UK will never match German decentralisation, it would be eco-nomically and socially desirable for it to inch in that direction. Yes so strong are the centripetal ten-dencies that this is unlikely to happen without conscious effort. How is this effort to be made The broad answer is to develop better facilities in the provinces. It

is not just a matter of building modern infrastructure, important though that is, because business is attracted by more than new roads and bridges. It is also attracted by what makes life enjoyable. Among the more important components are what appeals to the elites, for the simple reason that they largely determine the quantity and quality of business activity.

The missake made by the self-proclaimed anti-elitists is to condemn what appeals to such elites as being of little benefit to everyone else. This is doubly wrong because culture can matter to anyone and because those who prefer rugby to opera benefit from the presence in their communities of those who prefer opera to rugby. But rugby can surely pay its own way, while opera cannot. The economic future of south Wales, with its love of singing and splendid opera company, will depend more on the Queen of the Night than on moribund old king coal There may have been sound; reasons for rejecting this project. That it was undesirably elitist was



Bang go the great expectations

More than 16 years of supposedly sympathetic Conservative rule have left the UK's middle classes feeling betrayed, says John Plender

eorge Orwell, in The Road to Wigan Pier, sought to cheer downwardly mobile members of the middle classes by telling them that they had nothing to lose but their aitches. Today such austere humour would not go down well in Middle England, Despite more than 16 years of supposedly sympathetic Tory rule, the British middle class has celebrated Christmas in a state of unusual insecurity. The question is whether this bourgeois malaise is

Up to a point, it is. The experience of redundancy, which used to be mainly a cyclical phenomenon affecting manual workers, now reaches high into the white-collar ranks. A symbolic pointer came earlier this year with Glaxo's takeover of Wellcome.

Glaxo, which transformed itself in 15 years from an unexciting baby-food-to-drugs concern into the cer of prescri tion medicines, could be regarded as the ultimate triumph of middleclass imsiness endeavour - a repository of some of Britain's most impressive human capital. Yet it recently announced 7,500 job cuts arising from the integration of its business with Wellcome.

Job insecurity, it seems, attends even the most successful compames. Note, too, in passing, that job creation arising from Glaxo'a aston-ishing growth was confined to its foreign activities. Between 1960 and 1994 the average number of UK employees actually fell from 14,816 to 12,000, while overseas jobs increased from 14,371 to 35,189. Most of the growth in the UK labour force over the same period has come from the increasing par-ticipation of women, especially in the service sector. Here, too, condi-

ing have worked in one of the few sectors of the economy to have shown a net increase in jobs over the past 15 years. Yet they suddenly face a painful retrenchment following takeovers such as Lloyds Bank's of the TSB Group.

Rationalisation in financial ser-vices has much further to go, because the British high street is overbanked and takeovers offer scope for economies of scale. At the same time life assurance is facing a Big Bang with greater transparency over costs: the resulting increased competition will cause further tob losses. In corporate finance departments around the City it is rumoured that as many as 40 life companies are up for sale. Not a cheering thought for employees.

Perhaps the most striking indica-

tion of the way the wind now blows for the middle class is the state of employment prospects in Whitehall. For the past century the civil ser-vice has been a place where it was poet Louis McNeice, "to sit on your arse for 50 years and hang your hat on a pension".

No more. By 1998-99 the annual running cost of the civil service is projected to be £1.9bn (\$2.9bn) lower, in real terms, than in the current year. The cuts, announced by Mr Kenneth Clarke, the chancellor, in his Budget last month, are to finance pre-electoral tax reductions designed, no doubt, to appeal to the rest of the middle classes.

In Britain, unlike the US, unem ployment still carries e stigma. And unlike continental Europe, Britain relies on takeovers to make structural adjustments to the economy an unpleasantly rough-and-tumble experience for employees.

Yet for all that, the middle-class experience of redundancy, which can include counselling, retraining tions are changing et the middle class end of the market, Managerial and clerical workers in retail bank-lower down the scale, whose

employment opportunities have been declining more. The penalties for the least skilled, both young and old, in losing a job are very severe. In 1992, according to Paul Gregg and Jonathan Wadsworth in the spring edition of the Oxford Review of Economic Policy, only 20 per cent of jobs filled by those out of work were full-time. Typically, jobs for people coming back into the work-

force offer only half the wages of all jobs - and real wages for such jobs did not rise between 1979 and 1989. While widespread unemployment is a shocking novelty for the middle classes, the experience is more devastating for the low-skilled. What, then, of the insecurities induced by the housing market? This is a related phenomenon, since the casualisation of the labour mar-

ket reduces the level of confidence

among potential buyers while mak-

ing lenders more cautious. here is also a paradox, in edministrations had expected an increase in home ownership to spread middle-class aspirations and give people a more secure stake in society. Yet in many cases it has merely saddled buyers with substantial debt.

The concern over a fall of about 12 per cent in average house prices since 1989 is nonetheless overdone. The 2m or so whose mortgage debt exceeds the probable value of their homes are not a large proportion of households. Mortgage interest rates are now at their lowest level, at least in nominal terms, for decades. More important, in the present context, is that this is scarcely a mid-

dle-class problem at all.

As Rob Thomas of UBS, the stockbroker, has pointed out, the pain is heavily concentrated in poorer neighbourhoods. It is also concentrated in the bottom end of the market: studio flats, one-bedroom flats and former council houses. These were in the most heavily borrowed segment of the market in the 1980s, attracting first-time buyers. The borrowers are now afflicted with negative equity, low biquidity and particularly working-class mortgagors - arrears.

This is of some political impor-

tance. For those whose aspirations

towards middle-class status have been knocked on the bead are precisely the upwardly mobile ones on whom the Conservatives relied in 1979 and subsequent elections to turn the electoral tide. They have now been immobilised in their own bomes, or unceremoniously returned to the rented sector via repossession. So this is a case of the working class being put back in its place, admittedly unintentionally, by the Tories. It is no cause for

middle-class angst. Perhaps the larger problem is simply one of frustrated expectations. Much of the growth in the into cutting government borrowing and raising corporate profits. At a more fundamental level, the welfare state is failing to deliver either the degree of choice or quality, in such services as healthcare and education, that the middle classes want.

As Lord Skidelsky, the political economist, argues in the latest issue of Prospect magazine, the explosion of welfare payments to people who make no contribution to their cost is "crowding ont" earlier commitments to provide universal services that taxpayers can enjoy. The majority, including the middle clas-ses, ends up feeling that it is not getting value for its money.

The frustrated expectations syndrome is particularly intense over the cost of care for the elderly. Having been promised by Mr John Major, the prime minister, that wealth would "cascade down the generations", the children of aged parents are shocked to see homes sold to pay for residential care. Palliatives in the Budget look insufficient to remedy the discontent.

Perhaps none of this would have affected the middle-class psyche so deeply if people had more control over their own wealth. Yet the standard occupational pension scheme, often described as the middle-class person's second-biggest asset after the home, is not an asset at all, it is a mere promise of a pension, offering no direct ownership rights or

effective participation.
Sucb disembodied capitalism leaves many feeling disenfranchised. That feeling is reinforced when the lion's share of pension fund surpluses goes into reducing company pension contributions, while smaller sums have been used to improve benefits.

Hence the suspicion, wbicb emerged so clearly during the boardroom pay row at British Gas. that the government has created a country fit for bosses, but not the while jobs are being lost, directors pay invariably increases faster than that of the workforce. And the directors also have the means to bump up their own pensions, usu-

ally at the expense of shareholders. This is not a form of enterprise culture to which the middle classes will be readily reconciled. For while It is good to see businesspeople finally being paid as much as lawyers and pop stars, it is less attrac-tive when the links between performance and reward are so tenuous.

Whether the combined efforts of the barons of industry and finance on the Greenbury and Cadbury committees can neutralise the boardroom pay issue before the next election remains to be seen. The middle classes, already in a prickly state, have been neither prepared, nor squared. They may, along with working-class bomeowners, wish to extract a price for the neglect of their discontents.

TECHNOLOGY: The information superhighway

Like a double-decker bus in a country lane

Online services are still too slow - but greater speed is coming, says Paul Taylor

The his director at: Constrains this year in homes across the world has been one of the new generation of hometimedia computers, complete with CD from drive, stored sound card and modern that connects the CC to the telephone network.

With almost 1.5m computers
being the horischolds in Elimperations in the past three months of people are for the first time sampling are for the first time sampling. consumer online services and the Internet – the informal global Internal — the Informat global nervices in computers. They join the rapidly grawing population of between Sim and 50th people. Swellaride who already have access the first information superhighway.

Most will be astonished at the walley of information and envices attailable. The World Wile Web the fastest growing and most easily mastered area of the internet provides access to periums 30m pages of text and graphics on almost every conceivable subject. Services available colline include problem solving advice on how to use computers, weather forecasts, atrine schedules, home shopping

and games. Users can send electronic mail or join in internet news discussion groups or in the "chat rooms," and forums organised by sarvices such as Compuserve or America Online. For relaxation, they can play computer games such as Doom, Mortal Kombat and Streetfighter against other users. But they will quickly find that travelling the information superhighway is more like trying

to navigate a double decker bus down a single-track country lane than racing along in the computer equivalent of a Porsche. Most multimedia PCs are sold with moderns that handle 14,400 hits per second (bps), although the latest models now offer twice that. Faster moderns may be built, but technologists believe the limit is

about 34,000bps.

Even the fastest moderns can take almost 10 minutes to download a complex image. This means most games lack animation and sound, and there can be long delays while pages load.
Similar problems have similar the distribution of music in digital



form through the Internet. Downloading e 50-minute rock album still takes over an hour. Three innovations in the next

few years could help overcome such problems; greater use of data-compression to transmit data faster over the telephone network; faster moderns and transmission devices, and wider electronic pathways with more capacity to carry digital information.

The first significant step-up in speed will come with the more widespread use of integrated Services Digital Network (ISDN) services. ISDN enables data to be

transmitted much more quickly over existing ordinary copper telephone lines, but requires special equipment in the telephone exchange and the customer's home.

ISDN can be installed on request by most telephone network operators, but most have not promoted it aggressively. In places such as California and Germany, where local telephone operators have offered low installation prices, the number of ISDN lines is growing rapidly. in Germany the number of ISDN lines jumped from fewer than 100,000 in 1990 to almost 1.85m last year.

Consumer demand has been much more subdued in countries such as the UK, where British Telecommunications charges £400 for an ISDN connection and markets the service almost exclusively to the business user.

The second innovation designed to increase speed will be cable modems or cable ports, which can deliver much greater amounts of information using their existing cable networks. These are now under test by many US and European cable operators. They would allow interactive services such as one-to-one videoconferencing, or viewing a video of a prospective holiday location. Intel. Motorola and Hewlett-Packard have all developed cable

modems aimed at this emerging market. In the US there are reports of waiting lists for the new equipment, with consumers

refusing to hand back their cable modems at the end of trials. However, even cable modems are unlikely to deliver true

"broadband" services such as video-on-demand because total line capacity is shared between users. That means that if lots of people decide to go online simultaneously, transmission speeds will slow dramatically.
"The technology is ideal for

delivering short video sequen two or three minutes," says Mr Jans Bodenkamp of Intel. He suggests it will be ideal for services such as travel agents wanting to

show holiday clips. Wider pathways, the third innovation for raising speed require the replacement of existing cable networks with very high-capacity optical fibre systems. At present, many cable and telephone companies use an optical fibre basis for the spine of their networks, but rely on older, lower-capacity wiring for the final

The superhighway of the future is likely to be built using optical fibre throughout, while new technologies to exploit the higher capacity are beginning to emerge. We are still, therefore, some

connections to homes and offices:

years off what one commentator describes as a "network nirvana". when feature-length films and three-dimensional games are available online and on demand, But the technology is moving inexorably in that direction.

FINANCIAL TIMES

Wednesday December 27 1995



Give them Acapulco every time

ward off the winter cold, Mexican truckers were swapping anecdotes about the highway police and the prices paid for the absolution of a faulty rig.

José Angel Ibanez was not fussed that the US government is standing in the path of Mexican trucks, which were due this mooth to have unlimited access to the US and Canada under the North American Free Trade

lo the US," Mr Ibañez explained, "your truck has to be in perfect condition or you are pulled off the road. In Mexico, you can bribe your way out of any problem: threadbare tyres, oo seet belts, broken bolts. Twenty pesos is enough to keep

the highway police happy."
In delaying the opening of the road haulage market, Mr Feder-ico Peña, the US transport secretary, argued that Mexican trucks did not meet US road safety and environmental standards. His decisioo means the operations of Mexican trucks would remain limited to a narrow zone across the 2,000-mile border.

Although the US decision drew a formal complaint from the Mexlcan government, there was bardly a murmur of protest from Mexican transport companies, "I don't know of a single Mexican

Sitting in a roadside case on the outskirts of Mexico City, drinking tequila to mean Mexican truck drivers are unlikely to and mean Mexican truck drivers are unlikely to get their kicks on route 66, writes Leslie Crawford

> trucking company which wants to open branches in the US right now," says Mr Pablo Seefoo, manager of Yellow Freight Mexicana, a subsidiary of Yellow Freight Systems in the US.

> "Can you imagine what it would cost? For a start, the Teamsters are paid in dollars, and by the hour. I pay my drivers in pesos, and by the joh lot. I would have to bring my trucks up to US standards. Then there is the cost of setting up a US net work, with proper maintenance

facilities, warehouses, terminals
.... It really is beyond the means of Mexico's transport industry." So, instead of having the freedom to roam between the Yukon and the Yucatan, Mr Seefoo believes Maxican transport companies will continue to deposit their cargo at the US border, where it is picked up by their US counterparts.

The handover system has led to huge traffic jams at the main crossing points between Ciudad Juarez and El Paso, Texas, and between Nuevo Laredo and Laredo, further east. The bordar towns have been unable to cope with the surge in activity since Mexico joined Nafta in January 1994. More than 80 per cent of Mexico's \$100km trade with the US is carried overland, and in the past two years Mexico's exports to the US have grown by more than 50 per cent.

US inspectors believe that allowing Mexican trucks into the US will cause even longer delays at border crossings, because of the need for drug searches and safety checks.

exican truck drivere eay venturing further north is not worth the hassle. Even if they were allowed to drive their trucks to Alaska, Nafta would not give them the labour rights anjoyed by US transport union members.

Mr Ibañez bas driven an oil truck in the US, and did not enjoy the experience. The Teamsters, he says, did not welcome his presence on US roads. Food was expensive, and the highway police would not let him sleep in his truck - a 45-foot Canadian giant bedecked with images of the Virgin of Guadalupe and less

"The Teamsters work eight-

hour days," says Mr Ibañez, who has spent the past 19 years on the road, "In Mexico, I have driven 20 hours without a break to meet delivery schedules. We get paid by the trip. It doesn't pay to stick

of the horder, North meanwhile, the Teamsters' union has lodged a lawsult to delay Nafta's trucking provisions indef-initely. "The real solution is to have American trucking done by American workers with American safety standards and American wages," saya Mr Ron Carey, the Teamsters' general

The Teamsters' hostility is one reason why Mexican truckers would rather leave US roads to the Americans and their unbend-

"There's too much racial dis-crimination in the US," says Mr Cruz Mendoza, a 23-year-old wbo drives a eix-axle trailer. "Why should I go to suffer there?" If Mr Mendoza has his way, he will continue to cruise down the

Acapulco Highway, salsa on the radio, with a tequila bottle and, he says, a girlfriend waiting for him at each roadside cafe.

Asian businessmen plan bank in UK

Proposal aimed at commercial investors and new opportunities in India

By Khozem Merchant

The Bank of England has received proposals for a Londonbased Asian Bank backed by some of Britain's most successful Asian husinessmen.

The move represents the first serious and large-scale foray by UK Asians into the UK financial services sector. "It is very pre-liminary at this stage; there's a long way to go," sald a Bank of

The Hindnja brotbers, one of Britain's wealthiest Asian families, have emerged as the driving interests drawn from UK indusforce behind the venture. They try, retailing and the distribu-

Britain's most enccessful Asian businessmen to launch tha bank, almed at tapping the potential of the UK's Asian commercial classes and opportunities in the lib-

bave teamed up with some of

eralising Indian economy. Detailed studies on a business plan and the bank's capitalisation bave been under way for some weeks. A formal application for a banking licence is llkely to be submitted to the Bank of England early next year. The Asian British Business Community, a coalition of Asian

tive trades, was formed last autumn to nversee the creation of the bank.

The proposed Asian British Bank, would "seek to provide what is missing [in UK financial services] to the Asian commnnity," an ABBC memher sald, "An experienced British banker, familiar with the Asian culture" was due to take up a full-time post with the ABBC on January I to oversee the bank's creation. The ABBC's leading backers include Mr Gopl Hinduja and Mr Srichand Hinduja, the London-

based brothers who head a fam-

lly empire with interests in

Eurnpe. Last year, the family launched Bombay-hased Indnsind Bank, India's first privately owned bank since economic reforms started in 1991. They also leunched Amas, a bank based in Switzerland.

India, the Middle East and

It is planned that the new UK institution would seek a listing on the London stock exchange, with between 40 per cent and 45 per cent of the equity "preferably being taken up by UK institutional investors", the ABBC said, adding that the "small Asian investor would be equally

Continued from Page 1

compete for a share of the Gercompanies to belp finance ambl-

Algeria is particularly keen to attract US and Britisb oil groups to the country, where Italian and most active in the past.

BP deal will prompt other western oil companies to overcome their concerns about the security

saoud, Algeria's southern oil cen-tre, highlighted the difficulties foreign companies face in operat-

ing in the country. Heavily sandbagged army positions complete with machine-gun posts blocked entrances to the town, where most foreigners liva within fortified compounds. Dozens of army commandos and other security officials were on hand to escort the BP delegation, which hed flown in direct from London. BP officials, however, were confident that the security

situation was "manageable". Confidential portions of the contract include provisions to allow other companies with projects around in Salah to use the pipeline that BP intends to build to link the area to Algeria's main gas export oetwork to Europe.

FT WEATHER GUIDE

risk management systems at three of the New York branches of leading Japanese banks, though officials declined to identify them. They said inspections of other banks' New York operations would be completed

cover Hong Kong.

The announcement came at the end of a dismal year for Japanese banks. A succession of financial collapses at smaller institutions was largely the result of the

some of the weaker institutions.

eral Reserve, and indicted on charges of fraud. Mr Takemura said the finance ministry ehould take responsibility for some of the problems because of the failure of its checking mechanisms.

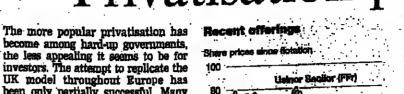
Tokyo to tighten rules

by the epring next year.

The central bank also said it was widening the scope of its regular examinations of overseas branches, it conducts detailed triennial inspections of banks' New

But the larger banks also had to announce plans to spend Y685bn of public funds to belp Privatisation pitfalls

THE LEX COLUMN



Source: FT Extel

been only partially successful. Many of this year's deals have performed poorly, while others have been cancalled, cut, or postponed. The result is a logism: of the long list of deals slated for 1996, not all will see the light of day, There was always a danger that

European privatisation would run into difficulty. In the early years, large UK privatisations took centre-stage in the nascent international equities market. Now, privatisation offerings from all over Europe compete for investors' attention, along with private sector deals and emerging market transac-tions. Flotations of private, often fami-ly-held, companies in continental Europe – such as the German pharmaceuticals company Merck this year are becoming a feature.

There is also a quality issue: the prospects for many European privatisation stocks are less than rosy. While shareholders reaped the post-privatisation efficiency gains at badly-run Britsh state-owned companies, social legislation in continental European companies makes the restructuring of over-staffed state industries difficult.

The paper overhang has been exacerbated by a concentration of deals in particular sectors, most notably telecoms. Next year will bring the second largest privatisation offering ever, from Deutsche Telekom, Because of the importance of the company within tha German economy, the stock will be a must for some international investors, But France, Italy, Israel and Turkay are all planning telecoms deals, As last month's botched offering for indonasia Telkom showed, inves-tore faced with an embarras de

richesses can get picky.
But oversupply is a symptom rather than the cause of the privatisation bottleneck. The main cause is the lack of a strong equity investor base, Without a bard core of demand, large deals rely on international investors - basically British and American fund manager Privatisation ran into problems this year because of, rather than despite, the bull market conditions in the US and UK markets: with investors loath to miss out on the domestic market bonanza, the flow of funds into international markets dried up. This could change in 1996, as low interest rates and a peak in the US earnings cycle drives a search for growth. The result

may well be a return to favour of emerging market deals. Low domestic participation is harder to remedy, since the creation of a pen-sion fund industry is an extremely slow process. Still, more could be done to foster retail demand. The partlypaid structure used by the UK government, for example, has been largely ehunned by European governments. Still, those countries such as Spain which have worked hard at establishing domestic retail distribution will reap the rewards. Countries such as France, where offerings have performed direly in the secondary market, will find it extremely difficult to get deals done in the coming year. Privetisation is no longer a megic word. Despite a potential inflow of US funds, it could be a dirty word by the end of the year if deals are not priced cheaply and structured sensibly.

Mergers and acquisitions

It has been a vintage year for merg-ers and acquisitions, with record lev-els of deals on both sides of the Atlantic. But despite the flow of mega-deals, the overriding atmosphere has been one of corporate sobriety, a long way from the war cries of the corporate raiders in the late 1980s. And condi-tions look favourabla for a further growth in M&A activity this year. Year-end cuts in interest rates have reduced funding costs; they also make discounted cash flow valuations look more attractive. Corporate cash-flow is growing fast, while banks are awash with cash for corporate loans. The conditions which sparked much of this year's activity - a push to reduce costs through consolidation in order to compete in a low-growth, low-inflation environment - are set to continue. In the UK, the threat of a less laisser

tion could also accelerate the process. Finally, there is a weight of money in leveraged-buy-out funds which has yet to pour forth into M&A deals. This is a

likely feature in 1996. In 1995, Securities Data estimates, total M&A activity rose 37 per cent to \$671bn, with much of this focused on just a handful of sectors. Deal flow has primarily been driven by three factors: regulatory changes sparked an explosion of takeovers in the UK's electricity sector; technological changes drove the mega-deals in media and telecommunications; and the tough operating environment has encouraged numer-ous industries, such as the US and ous industries, systems, to focus on reducing costs or excess capacity through consolidation. Media, banking, telecommunications and pharma ceuticals alone accounted for almost so per cent of all M&A deals last year. There is plenty of scope for further activity in all these areas. Consolidation in the pharmaceuticals industry is well advanced, but there is still scope for a deal involving Zeneca.

Looking for the next sectors to join

the M&A party, there are several obvi-ous candidates. With widespread cuts in defence hudgets around the world, the defence and aerospace industry looks set to ahrink. There are rumours of merger talks at Boeing and McDonnell-Douglas, following on the heels of Lockheed and Martin Marietta, Politics may slow the process, but change is inevitable. There has been a spate of international alliances among telecoms and airline companies, and these could lead to actual takeovers. The larger food and spirits companies look sat to continue swallowing smaller competitors, driven by the benefits of removing diatribution costs and adding marketing muscle. And there is substantial scope for consolidation In other areas of financial services, such as insurance.

Most of these deals will have one thing in common - sound industrial strategy. With investors rewarding more focused husinesses, companies are expanding global reach in existing husinesses, rather than acting as port-folio managers. Granada's attack on UK hotel company Forte is a rare exception, and Granada's chare price has reflected concerns over congiomeration, falling 9 per cent since it launched the bid. Nonetheless, it suggests that as corporate cash balances continue to grow, industrial logic could start to vanish from the equa-

Exxon to start Algeria talks

man gas market, the largest in Europe, is relying on foreign tious expansion plans.

French companies bave been Government officials bope the

situation in Algeria. Although industry analysts

said the conclusion of an agreement with BP after five years of negotiations should have a positive impact on sentiment, the signing ceremooy et Hassi Mas-

Continued from Page 1

York and London branches but they will now be extended to

banks' reckless lending in the hubble years of the late 1980s. problems - resulting in the accumulation of at least Y40,000bn (\$400bn) in non-performing loans on their halance sheets. Last week the government was forced

In September, Daiwa Bank, one of the country's largest, revealed losses of more than \$1.1bn in Its New York branch over 11 years. in November, Daiwa was expelled from the US by the Fed-

RICHARD O'Rouples Managing Director of TIMDEPLANDIK lex notch Glove leather Four rows of latex roaled nylon stitching water proof leather Ensolite@ insulation ver toe, etc...etc. TIMBERLAND (and many other lands)

Europe today

Very cold air will persist over Scandinavia. Wintry showers will move south along the coasts of southern Norway, Denmark and Scotland. Further inland, sunny spells will occur with afternoon temperatures from -5C to OC. The Low Countries, northern France and northern Germany will be settled and rather sunny but will also have freezing conditions. Cloud will linger from Bavaria to Poland giving a few anow flurries. Southern France will become cloudler with rain arriving from the south-west. The Atlantic coasts of Portugal and Spain will have very heavy rain but the Mediterranean coasts stay mild and dry. Much of central and southern Italy will have showers and even some thunder. Torrential rain is expected over much of the tormer Yugoslavia.

Five-day forecast

Wintry air over northern and central Europe will continuously interact with mild and moist air from the Mediterranean countries As a result, Spain, southern France, Italy and the Balkans will be very unsettled. Elsewhere, it will remain wintry with patches of snow.

TODAY'S TEMPERATURES

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Caracas Carditt Casablar Chicago Cologne Dakar Dallas Delhi Dubal Dublan Oubrovni Edinburg 31 020 6 -2 27 11 22 22 24 -1 rain cloudy tair rain tair cloudy cloudy lair fair tair shower fair sun

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COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1995

Wednesday December 27 1995

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IN BRIEF

Donohue to acquire Quno for C\$1.1bn

PAPERBOARD

Donoline, the Canadian company controlled by the Quebecor International publishing and printing group, plans to form North America's third-largest newsprint producer by taking over Quno for C\$1.1bn (US\$800m) or C\$30.50 a share. Page 13

Air force chief to head Thai Airways Thai international Airways suffered a setback in its struggle to repair the damage of past military inter-ference and develop a professional management after the appointment of Mr Siripong Thongyai, air force chief, as chairman. Page 13

GE Capital agrees to buy Aon arm GE Capital, the financial services subsidiary of General Electric of the US, is to pay \$960m for The Life Insurance Company of Virginia, part of Aon Corporation, the Chicago-based insurance group. Page 13



National & Provincial Building Society, the UK's seventh largest, is to write to 750,000 of its members next month to check that they are not eligible to vote in April on the £1.35bn (\$2.07bn) takeover

offer from Abbey National, the UK bank. Members inelimble to vote are either under 18 or had less than £100 in an investment account last April. It has also become clear that N&P's brand and logo will disappear. "We might find a use for the bee at some point in the future," was the most Mr Bob Knighton, Abbey's director of operations, would

Winds of change rattle coat hangers That most unfashionable of wardrobe items, the coat hanger, is coming out of the closet. After years in the shadows of the glamorous world of fashion, hangers were thrust into the limelight when Ferguson International, the diversified UK manufac-turer, said it wanted to sell its plastic hanger division, citing "substantial changes" in the market.



Yorkshire confirms chairman's retirement Yorkshire Water confirmed the retirement of Sir Gordon Jones (left), chairman, within the next six months, but denied it was a result of controversy surrounding the privatised UK water utility. The company said his retirement had been signalled at the AGM in July. In February 1997 he will be 70, the age at which all Yorkshire

director's minst retire. You shire received criticism during the summer as the furore surrounding UK executive pay became linked with difficulties in water supply during a drought. Page 12



In Tokyo, the Nikkei average gained ground for the 19th consecutive day, hitting another record for the year after buying by domestic institutions and technical activity supported share prices: The 225 index closed with a rise of 129.31, or 0.7 per cent, at the day's high of 19.904.72. On Monday, the index moved up 30.99 to 19.775.41. Back Page; Japan's brokers look for new year rally, Page 18

Istanbul shares climb on coalition talks Shares on Istanbul's stock exchange climbed strongly as market sentiment improved after coalition talks between Turkey's secularist parties to keep out of power the Islamist Welfare party, which won the largest share of the vote in the country's general election. The IMKB-100 closed 5.8 per cent higher at 41,584.97. It had fallen 6.5 per cent on Monday on the failure of the election to produce an outright winner. Back Page

12 Jupiter Asset

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| Ferguson Inti |
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| GE Capital |
| Anthren |

Ragian Properties River Plate & Gen Rosslysky Kredit Schuttersveld Thai int'l Airways 11 Yellow Freight

Granada

FT/SXP-5 World Indices

Chief price changes yesterday

Forte prepares final bid defences

Forte, the UK's largest hotels company. will today launch a series of salvos in its defence against a £3.2bn (\$5bn) hostile bid from Granada, the television, catering and

leisure group.

First will come confirmation that it proposes to nell its restaurants husiness and the Travelodge chain of budget hotels to Whitiment for more than film.

This sull be followed by the disclosure that Christie & Co, the property surveyors, has remained its hotels at about £3.1in —

10 pen cent above the last estimate in January 1994. This excludes Forte's 68 per cent stake in the Savoy group, which it Forte is also expected to announce an

increase in its dividend, which was cut from \$95p to 7.5p for the year to January 31 1996 and last raised five years ago. It is also likely to promise shareholders a spe-cial dividend if the deal with Whitbread. the bowing and leisure company, is com-

They agreement with Whitbread, conditional on Granada's hid lapsing, covers 364 LittlerChef and 68 Happy Rater roadside enteries; 30 French service stations areas. 127 budget Travelodge hotels and 30 WeicomenBreak service stations. It does not include Wheelers fish restaurants.

The last thing ski equip-

that global warming might one

day deprive many Alpine resorts

Yes, in early December as the

ski industry was worrying about hourto stimulate demand for win-

ten sports holidays and reverse

the long decline in worldwide ski sales, the World Wide Fund for

Nature warned that iglobal warming could leave popular Alphoe resorts, such as Val d'Is-

Despite the gravity of the

threat, ski equipment manufac-turers have enough to worry

about without fretting over what

may happen in half a century's

In the last few years, growth in.

has dried up, and in some areas

fallen sharply as the boom in

winter sports, so evident in the

1980s has faltered. Most disturb-

ing has been the decline in ski sales. Since 1991, the volume of

manufactured skis dropped from

A combination of factors has

been blamed for the decline: the

increasing expense of skiing holi-

days; the gradual ageing of the skiing population as insufficient numbers of young skiers emerge to replace those leaving the

sport; and several years of erratic

snowfall in Europe, which has

undermined the popularity of

winter holidays among all but

hard-core skiers.

Also conomic weakness in many countries has forced some

regular skiers to pass up their annual winter holidays, most

notable in Japan, the world's big-gest ski market. In this testing environment,

the smaller equipment manufac-turers have suffered most. Mr

equipment manufacturing three

By Richard Gourtey in London

This year will have been the best

for management buy-outs in the

UK since 1969, both in terms of

the number of deals and the value of transactions, according to accountants KPMG.

More than £5.7bn (\$8.8bn) of

capital has been raised for 111

large MBOs, defined as transac-

tions where the amount raised is

The £2.7m raised in the last

quarter of the year was only a fraction? Newer than the total invested in large deals in 1994.

The main driver for the rapid increase in investment is the wall

of money hvailable to institu-

tional investors in private equity,

following an 18-month period in

raised new funds.

which many have successfully

But Mr Wike Stevens, head of

MBOs at KPMG, says the pros-

12m pairs a year to 5m.

spow-free within 50 years.

of snew for good.

rtold this Christmas was

Testing time for

survivors on the

three: Groupe Salomon and Skis

Rossignal of France, and Benet-ton of Italy, which owns the Nor-

dica boots and Kastle skis

- The rest - among them such

famous skiing names as Head, Atomic and Raichle - have been

acquired by larger competitors, succumbed to losses or been

forced to shrink to the status of

niche players, says Mr Kiliott. This consolidation of an indus-

try that boasts about \$3bn in

boots has left the big three com-

panies in much better shape.

They are no longer undermined by the deep discounting of strug-

gling competitors and this season

If consolidation has been one

bright point amid the gloom.

another has been the rapid.

growth in the popularity of snow-

skateboarding and surfing.

Shunned just a few years ago by ski manufacturers (and ski resort

operators) as a fad for slovenly

dressed youths, snowboarding

has survived its "grunge" tag to emerge as a genuine sport, with a

full range of equipment.
In the US - the sport's spiritual

home - the number of snowboarders is estimated to have risen

from a few thousand in the late

1980s to more than 2m in 1994.

Winter sports enthusiasts in

Europe, and more recently Japan, have also embraced snowboard-

ing, and sales of the equipment

However, until recently the market was fragmented, with

barly in the US. Only in the last year to 18 months have the big

have soared.

prices are holding up well.

stippery slopes

Big step away from brewing roots

would mark the biggest step in the

The proposed film (\$1.5hm) deal follows a series of other non-brewery deals in recent months and will come as some relief to Whitiread's management. Led by Mr Peter Jarvis, chief executive, the group had missed out on some other hig purchases over the pest 18 months.

These included Forte's Harvester chain, which was sold to Bass for £165m, the accusition of the Chef & Brewer chain hy Scottish & Newcastle for £703m from Grand Metropolitan, and the sale of the Courage brewery business by Foster's of Australia to S&N for 2425m.

Whitbread's acquisition of Forte's enable the group to pay for the Porte deal restaurant and Travelodge business with debt, sending gearing of 22 per cent up to about 70 per cent. It is also likely to renew speculation as to whether Whitbread will stay in brewing - an industry

undergoing consolidation.

Quitting brewing would raise funds to reduce debt giving further scope to invest in leisure businesses and allow Whitbread to slough off a business where margins have been under pressure. It made £40.4m profits from brewing

profits amounted to £275m on turnover of

If today's deal goes through, it would reduce the proportion of profits from brewing from about 15 per cent to less

Whithread's restaurant interests ciude Brewers Payre, Beefeater, Pizza

Granada said yesterday that Forte was a lie" route of selling bits of the company.

offer values Forte at 322p per share. ip below Forte's close of 326p.

Whithread's proposed acquisition is the group's fourth non-brewery related deal in as many months, following the £190m purchase of the David Lloyd leisure clubs, the £180m acquisition of 16 Marriott hotels -making it Britain's third largest hotel group - and the £14m takeover of the Costa Coffee shop chain.

The 21bn purchase price would virtually wipe out Forte's £1.2bn of debt, of which about £750m is bank borrowings and £450m sale and leaseback agreements. In its final defence document on Jann-

ary 2. Forte will concentrate almost entirely on the hotels side, giving details of trading and booking performance. It will also give a breakdown of the perfor-mance of its main hotel brands.

It is expected to show that operating profits from its Exclusive hotels - including the Georges V in Paris and the Gros-venor House in London - accounted for 10 per cent of hotel profits. Meridien, the international chain acquired from Air France last year for FFr1.82hn (\$371m), is expected to have contributed 20 per cent. Other London hotels are expected to account for 25 per cent. The Posthouse (including Crest) and Heritage traditional 25 per cent and 20 per cent respectively.

Russian bank taps western markets

By Antonia Sharpe in London and Graham Bowley in Moscow

Rossiysky Kredit Bank (RKB) is to become the first Russian com-mercial bank to borrow on West-

ern capital markets. Russia's fourth largest bank (in terms of assets) is offering \$33.3m of honds, in a deal arranged by Banque Indosuez, as part of a \$100m programme. Other Russian hacks are believed to be considering similar action to gain access to foreign capital markets where the cost of borrowing is much lower

Because of the risks associated with lending to Russia, RKB is paying a high margin of about 500 basis points over the London interbank offered rate (Libor) oo the zero-coupon bonds. It has also bad to settle for a sbort maturity of three months, although future offerings may have a maturity of up to one year. The average annualised yield is just under 11 per cent. RKB will make money by iend-

ing the proceeds in Moscow's dollar-denominated inter-bank market where rates are higher.

Since the banking crisis in Angust when some Russian banks defaulted, hanks have been limited to borrowing only smali amounts of sbort-term funds - of generally less than one month maturity - on the inter-bank market.

Borrowing has been restricted to a small group of banks and interest rates have risen to 60-100 per cent. This is why some are looking abroad for longer-term and cheaper sources of funds. Mr Alexandr Nikonov, a dealer at RKB, said: "Since the August crisis the Russian interbank market has almost frozen. It's a big problem."

RKB will also use the money to invest in Russian rouble denominated government securities, where the annualised yield in dollar terms could be as high

The bonds, in the form of fiduciary notes and fully collateral-ised by bonds issued by the Russian ministry of finance, will not be listed on an exchange. They can be cleared through Euroclear, the Brusseis-hased bond clearing and settlement system.

The bonds have been sold mainly to emerging market funds and Enropean banks looking for high-yield assets. Other Russian commercial

mination to try anything to stop the rot in equipment sales. banks have attempted to borrow on international capital markets. Patrick Harverson but so far without success.

group's strategy of moving away from its brewing roots towards becoming a lei-sure-oriented company, writes Christopher Price in London.

Whitbread's strong balance sheet would Hut and TGI Priday.

forced seller and any price had to be suspect. Granada was offering Forte share-holders the "constructive" route of a man-

Nevertheless, the emergence of a huyer

for the restaurants business and a hotels revaluation will increase the pressure on agement with a good track record to build Granada to raise its bid. The last date hy on Forte's business, instead of the "ster- which it can do so is January 9. At Fri-Snowboarding's popularity offers a ray of hope to the ski equipment industry

incorporates the Piezo Electric

attraction of snowboarding is that it brings new customers on to the slopes. In the US, 80 per cent of the people entering snow sports come in on snowboards, not skis. Mr Steven Hazel of Snow + Rock, the largest UK ski equipment and clothing retailer, says the growth in snowboard sales has been phenomenal. Three years ago no one bought boards. This year we expect sales

to be up 20 per cent." Mr Elliott of Goldman Sachs

If these optimistic projections prove correct, anowhoarding's ale, the French bank

ski makers entered snowboarding. First was Rossignol, which sold 40,000 boards in the 1994-95 Sales of hindings are also expected to fall, while boot sales season but is expected to double that while there were about a an alliance with US snowboard dozen "serious" companies in equipment manufacturing at

Innovation in the core ski market remains the key to reviving demand, says Ms Dufroid. And new product means not just col-our and design but technological innovations; such as the "hourglass" ski. Wider at the tip and slimmer in the middle than a normal ski, allowing skiers to carve better turns in the snow. Even higher tech is the K2-4, a ski just launched by K2 which

believes snowboards will reach parity with skis. "There will probably be im snowboards sold this year, compared with 5m skis. In five years' time, it's quite possible that it'll be 50-50, with 3m skis and 3m snowboards sold

popularity should help compensate for the expected drop in sales of skis. This season, worldwide ski sales are likely to be down about 10 per cent on the 5m sold in 199495, says Ms Lillian Dufroid, analyst at Société Génér-

are likely to be fiat at best. Yet if snowboards are included in the equipment data, analysts estimate the industry will enjoy

Expertise in Global Leveraged Financing

system, a computer chip-like

piece of equipment which sub-

dues vibrations in the ski by con-

verting them into electrical

energy. Whether it helps skiers or is

just the latest in a long line of

marketing gimmicks, the K2-4 is

testament to the industry's deter-



Working Capital Facilities NatWest Markets, Acquisition Finance

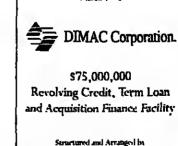
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NATWEST MARKETS

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finance. And last week BTR sold ment for about £300m. But even excluding these

The rapid increase in capital flowing to large MBOs has, how-ever, reduced the amount of money going into smaller buyouts, KPMG says. "Funding for deals of under film is hard to come hy," says Mr Stevens. "Development capital has been in scarce supply." KPMG estimates that about £800m was provided to transactions of less than £10m in

Best year since 1989 for large UK management buy-outs sold in the last quarter, both required more than £500m of

pany owners to advance plans to privatised British Rail assets. sell their businesses. "Some ven-dors of private companies are rolling stock leasing companies wanting to sell out at current tax rates," says Mr Stevens. "That way they achieve certainty." The last time this level of capi-

tal was invested in management buy-outs in a year, the market was showing signs of overheating. Investors were scrambling to get into a market that led to the over pricing of deals such as the purchase of Magnet, the hitchens company, and Isosceles, owner of the Gateway supermarket chain. Both transactions lost their

investors substantial sums. Observers of the MBO market say competition among investors in private equity for the larger deals has become intense. But few think prices have been forced up to 1989 levels or that excessive amounts of debt are yet being used to finance the transactions. pect of a change in government . The 1995 figures are boosted by has infimehold some private com- a flurry of capital flowing into The 1995 figures are boosted by

exceptionally big deals, the vol-ume of large MBOs is sharply up. There has been a steady huld up," says Mr Stevens. "I can imagine the cycle peaking in the first half of 1996 but it will undoubtedly be a strong year."

N&P to check accuracy of membership

By Alison Smith, Investment

National & Provincial Building Society, the UK's seventh largest, is to write to 750,000 of its members next month to check that they are not eligible to vote on the £1.35hn takeover offer from Abbey National.

Members ineligible to vote

are either under 18 or had less than £100 in an investment eccount last April. Eligible members will have a chance to epprove the deal next April. N&P's move to check the accuracy of its membership lists is a further step towards ensuring that the recom-

mended bid goes ahead The two organisations are already preparing integration of their operations. Mr Bob Knighton, Abbey's director of operations, said the aim was for a clear and complete transfer of the branch networks and the arrangements for savers on to the Abbey systems from the first day - the deal is due to take effect in the summer.

About 120 branches are due to close - some on the first day leaving a network of 880.Abbey has said there will be no compulsory redundancies among branch staff.

It has also become clear that in the interests of integrating the businesses quickly, N&P's management structure will be

fitted into the Abbey's model. and its brand and logo will disappear. "We might find a use for the bee at some point in the future." was the most Mr Knighton would say about the eurvival prospects for N&P'e

There will not be immediate harmonisation of arrange-ments for N&P borrowers,

Mr Alistair Lyons, N&P chief executive, said it had not yet been decided whether, on completion of the deal, N&P mortgage bolders should pay the rates paid by Abbey's existing borrowers.

Unless there are further rate cuts in the new year, Abbey's existing borrowers will be paying variable rates from 7.44 per cent to 7.54 per cent, with the lower rates available to those with larger loans. All of N&P's borrowers on the standard variable rate will be paying

Abbey is also to press ahead with launching its own credit card in February, instead of waiting simply to adopt N&P's credit card in the summer. The Abbey card will have different terms and conditions from those available from N&P, and will not necessarily include all the N&P features. However, ex-N&P customers who lose their cards will be able to replace them with ones still carrying

confirms Sir Gordon retirement By Christopher Price

Yorkshire

Yorkshire Water yesterday confirmed the retirement of ehairman Sir Gordon Jones within the next six months. but denied it was a result of controversy surrounding the

privatised water utility.

The company said his retirement had been signalled at the AGM in July. In February 1997 he will be 70, the age at which all Yorkshire directors must

Yorkshire has received criticism from government ministers and consumer groups during the summer as the furore surrounding executive pay became embroiled with difficulties with water supplies during the drought.

The company said an agency had been appointed to search for a successor, but refused to comment further. Sir Gordon, who has been chairman since 1983 and earned £189,000 last year, is likely to step down at the next annual meeting.

Earlier this month, Yorkshire announced the appointment of Mr Kevin Bond, chief executive of the National Rivers Authority, as managing director of its main water operations business, in a move seen by some as an attempt to

Kept hanging around, now up for sale. That most unfashionable coat hanger, is coming ut of the closet. Christopher Price explains why Hermicon hanger is coming ut of the closet.

WE FIND METAL COATHANGERS HELP US

out of the closet.

DETECT SHOPLIFTERS

After years in the shadows of the glamorous world of fashion, hangers were thrust into the limelight last month when Ferguson International, the diversified UK manufacturer, said it wanted to sell its plastic hanger division. The company blamed "sub-

stantial changes" in the mar-ket for its decision to leave the business after 12 years. These included increases in the recycling and re-using of hangers, and the growing dominance of metal-

tic counterparts. Mr Ronald Irving, managing director of Ferguson, also blames a change in retailing patterns in the group's main markets of the UK, the Netherlands and Germany.

framed hangers over their plas-

"People are shopping in larger retail formats and consequently hangers are being used more for transport than dis-

He adds that the consequent decline in small clothes shops in those three markets had also reduced demand for the plastic hanger. The market was stronger,

however, in countries such as france and Italy, which still have large numbers of small fashion shops using a variety of plastic hangers for display. The small retailer is intent

on differentiating products and

wants that specialisation in his

hanger," Mr Irving says. "Unfortunately, the number of small retailers in our main markets is declining." Rising raw material prices were also affecting margins.

Ferguson is the largest manufacturer in the UK and Dutch hanger markets, which are otherwise fragmented. Most manu-

The company, which is quoted on the Dublin

exchange, said the record loss

was the result of static adver-

tising and lower circulation

revenue. Substantial cost cut-

ting was undertaken towards

the end of the year and.

although the figures had

improved, profits were still

Turnover was I£6.24m (I£6.54m). Losses per share

Cairn Energy has placed 4.38m new ordinary shares et 111½p each, representing 5 per cent of its issued capital. Mr Bill Gam-

mell, chief executive, said the

proceeds would mainly be used

for eppraisal and development

programmes in Bangladesh, China, the Netherlands, the US

Neilson Cobbold, the stock-

broking and investment man-

agement company which

joined the Aim on October 2,

Neilson Cobbold

some time away".

were 82p (53.95p).

Cairn Energy

facturers, of both the plastic and metal varieties, are involved in the business as a sideline

which has factories in the UK, the Netherlands and the US, saw operating profits fall 16 per cent to £1.2m on sales of £26.2m for the six months to

Last year, profits declined 10 cent to £2.89m. Then, Mr enis Cassidy, chairman, complained of being squeezed by the large retail chains, them-Ferguson's hanger division, selves under pressure from

lackiustre consumer demand. Retailers, while admitting to

Group Cleaners, says the dry cleaning group is changing from wire hangers to bright yellow plastic ones in a film revamp of its 650 outlets.

We want to differentiate ourselves and believe hangers are one way to do it. They are our contact with our custom-

Johnson, which uses some 20m hangers a year, will attempt to offset the increased cost of plastic hangers - 9p each against 11/2p for wire one by encouraging customers to return them.

They will donate 5p to the NSPCC for every one handed

Diastic hangers are also in demand at Burberrys, the luxury stade. the luxury goods store. A ecented variety, retailing at £9.50, is its sixth largest selling item (closely behind Burberrys

check dog coat) The company has sold "thousands" of the sweet-smelling hangers and said demand for the ordinary variety was also strong. "We do not see a trend away from plastic hangers at all, quite the

Such e positive verdict on the future of the industry will hearten Ferguson, which last week was able to report some interest from buyers for its coat hanger business, but still sing more wire hangers, say no sale.

ASH obtains more time to repay loans

By Geoff Dyer

Automated Security (Holdings), the heavily indebted electronic security systems company, has won further financial breathing space by extending the maturity on £85m of short-term loans.

The loans, due to expire in April 1996, have been extended January 1998. In addition, the group has arranged with The Prudential Insurance Company of America that its \$60.7m senior loan notes be treated on the same basis.

Mr Tony Dignum, chief executive, said; "These new arrangements give us two clear years to sort out our complicated balance sheet." Including capital bonds, ASH had gear- cost savings of over £1m.

ing approaching 500 per cent. Analysts believe ASH has three options to bring the group greater financial stability. It could try to raise new equity, it could sell more notably its operations in the US or it could encourage a bid for the whole company. In November it sold the Mod-

ern Integrated Systems business, which provides mainte nance for security systems, for £2.35m to Argus Alarms and in October Modern Vitalcall which manufactures personal alarms, was bought by Tunstall Group for a net consider

In the UK, Modern Security Systems and Telecom Security are being integrated which Mr Dignum said would generate

Offer gives **Hartons** £6.3m tag

Schuttersveld, the European plastics distributor, is making mandatory offer for Harton Group following the result of its open offer. The 81/sp a share offer values

the plastic products distributor The open offer followed e previous fund raising ettempt which would have resulted in Schuttersveld holding between 51 and 71 per cent of Hartons. The plan was halted when

Suter said it would vote its 31.3

per cent preference holding against the proposal. However, as a result of the 8-for-19 non-underwritten open offer at 8%p Schnttersveld holds 53.1 per cent of the ordi-nary and 48.5 per cent of the

OIS rejects Abbot Inspection has rejected the against I£1.56m.

offer by Abbot Group, describing the bid as "unacceptable", and has urged shareholders to take no ection.

The board of OIS, advised by Beeson Gregory, believed the offer did "not reflect the potential of OIS and does not repre-sent full value for OIS share-

Raglan buy-back

Ragian Properties is to convene an extraordinary general meeting in January to seek revised authority to purchase its own shares.

Friday's closing share price of 20p is at a near-50 per cent discount to the net asset value per share at September 30, 1995 of 35.3p. The directors said this "fundamentally undervalues" the company and did not reflect its financial position and prospects.

Tribune Newspapers Tribune Newspapers, the Dub-

lin-based printer and publisher, reported increesed losses of I£2.37m (£2.45m) pre-

September 30.

The outcome compared with profits of £1.69m in the previous 50 week period and came on turnover of £8.47m (£8.92m). Earnings per share emerged at 20p, down from 40.7p restated for a subdivision.

Headlam Group, the floorcover ings and febric distribution company, has sold its Aquatex

Headlam disposal

Functional Fabrics offshoot to Porvair, the microporous synthetic materials group, for £2.35m cash.

Feedback slips

Feedback, the USM-traded electronic and electrical equipment group, nearly doubled pre-tax losses from £374,400 to £679,000 in the six months to September 30, as the costs of a shake-up took their toll.

Turnover was static at £4.12m, and losses per share increased from 3.87p to 6.41p. There is no dividend (0.5p).

The company said costs assoclated with initiatives to create rest in the prod £884,749 for the year to been a heavy burden".

River Plate directors alter recommendation regarding Jupiter bid

By Roger Taylor

Independent directors of River Plate & General Investment Trust have changed their recommendations to shareholders regarding the bid from Jupiter Asset Management because they believe that Jupiter is likely to reduce. the dividend on River Plate

River Plate, is bidding for the trusti with shares in its new Jupiter Split Trust or a cash alternative. Last week the bid went unconditional after Jupiter

received acceptances from. more than 60 per cent of River Plate is due to be wound up next October, but is expected to continue as a sub-

sidiary of Jupiter Split until

The independent directors them".

first advised holders of income and capital shares to reject the But in the light of the possi-

ble dividend cut, they have withdrawn that recommendation and advised shareholders to review the position. Brokers were surprised at the announcement. SBC Warburg said: "We find it strange

that the likelihood of a dividend cut was not signalled far more clearly in the offer docu-Jupiter said yesterday: River Plate shareholders --should expect changes to the

trust's portfolio to fit in with Jupiter Split's requirements. This could meen that next year's dividend will be In their statement, the inde-

pendent directors also said if was likely that Jupiter would

A Bank

Australia and New Zealand **Banking Group Limited** Australian Company Number 005 357 522 (Incorporated with limited liability in the State of Victoria, Australia)

U.S. \$200,000,000 Subordinated Floating Rate Notes due 1999

Notice is hereby given that for the Interest Period 22nd December 1995 to 24th June. 1996 the Notes will carry a Rate of Interest of 6.0625 per cent. per annum with an Amount of Interest of U.S. \$3.115.45 per U.S. \$100.000 Note. The relevant Interest Payment Date will be 24th June, 1996.

Bankers Trust Company, London

Agent Bank



Services Company, Inc. Ploating Rate Notes Due 1996 ice is hereby given that for the thre months interest period from Occambe 27, 1995 to March 25, 1996 the Note: will carry an interest will carry an interest rate of 6.05469% per annum. The interest payable on the interest payable on the interest payment date, March 25, 1996 will be U.S. \$148.69 and U.S. \$1,486.85 respectively for Notes in denormalizations of U.S. \$10,000 and U.S. \$100,000.

By: The Chiese Manhattan Book, N.A. December 27, 1995

Explorer Securities Limited U.S. \$50,000.000 ecured Floating Rate Notes due 1993-1996 For the Interest Period 22nd

December, 1995 n. 22nd March. 1996 the Notes will carry an Interest Rate of 6.8125% per innum with Interest Amounts of U.S. \$430.51 and U.S. \$1,076.28 for Notes with original principal amounts of U.S. \$100,000 and US \$250,000 respectively payable on 22nd March 1996.

Bankers Trust Company, London Agent Bank

COMMODITIES PRICES

HIGH GRADE COPPER (COMEX) 129.45 -0.30 129.80 129.00 470 2.504 127.70 -0.05 127.70 127.00 127 2.848 124.65 -0.30 124.60 124.30 2 1,080 122.00 -0.15 122.20 121.20 2,129 16,326 120.50 +0.20 121.25 121.25 5 638 119.00 +0.30 119.30 116.50 94 3,049 2,912 26,092

Precious Metals continued

| | Sett | Day's | | | | Ореа |
|---|-------------------------------------|--------------|-------------------------|-------------------------|---------------------------|------------------------------|
| | price | cpassão | Algh | low | Vol | int |
| Dec | 387.9 | +0.5 | 388.8 | 398.0 | 29 | 111 |
| Pab | 388.6 | +0.4 | 388.6 | 358.5 | 4,209 | 52.351 |
| Apr | 390.4 | +0.4 | | | 47 | 15,501 |
| Jun | 392.4 | +0.4 | 3927 | 392.3 | 11 | 23,078 |
| Aug | 394.4 | +0.4 | - | - | 20 | 4,334 |
| Oct | 396 5 | +0.4 | - | - | 330 | 3,280 |
| Total | | | | | 4,336 | 41,588 |
| E PL | MUNITA | NYMEX | (50 To | oy 02: \$ | Aroy o | 2) |
| Jen | 408.7 | +1.8 | 408.6 | 406 9 | 633 | 5.168 |
| Apr | 409.2 | +1.3 | 409.5 | 407.5 | 729 | 11,059 |
| Jal | 410.7 | +1.2 | _ | - | 5 | 2,309 |
| Oct | 4122 | +1.0 | _ | - | 10 | 1,051 |
| Jen | 413.8 | +1.0 | - | - | 1 | 26 |
| Tetal | | | | | 1,377 | 19,533 |
| E PA | LADIUM | NYME | X (100 | Troy oc | .; \$/tro | y oz.) |
| Dec | 133.00 | +1.16 | 133.20 | 133.20 | 6 | 3 |
| | 133.50 | _ | 133.75 | 133.00 | 162 | 5,476 |
| Mar | 143.50 | | | | | |
| Jun | 135.00 | _ | _ | _ | 190 | 625 |
| Jun | | - | - | - | 190 170 | 625 6,107 |
| Jun Total | | MEX (5,0 | - | y oz.: C | 170 | 6,107 |
| Jun Total M. Sil | 135.00 | MEX (5,(| - | y oz.: C | 170 | 6,107 |
| Jan Total M SIL Dec | 135.00 VER CO | | 000 Tre | | 170 ents/b | 6,107 by oz.) |
| Jon Total M Sil Dec Jan | 135.00 VER COI 514 1 | +0.7 | 516.0 514.0 | 512.5 514.0 | 170 cents/b 14 5 | 6,107 by oz.) 21 23 |
| Mar Jun Total M SIL Dec Jun Mer May Jul | 135.00 VER COI 514.1 514.4 | +0.7 +0.5 | 516.0 514.0 522.6 | 512.5 514.0 519.0 | 170 Sents/tr 14 | 6,107 by oz.) 21 23 |

E CRUDE Off, NYMEX (42,000 US galls, \$/barrel) - - 32,951 10,932 -0.02 18,63 18,90 48,101 94,868 -0.04 18,65 18,57 13,387 43,177 -0.07 18,45 18,27 6,289 24,531 -0.08 18,24 18,58 2,653 15,088 -0.08 18,05 17,88 3,403 30,846 53,223,345,299 HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

+0.57 +0.67 +0.24 58.90 59.65 22.591 42,631 58.45 58.35 12.993 45,165 55.35 55.20 5,286 20.094 51.95 2.139 49.80 428 48.75 1,235 2.135 6,181 428 8,775 1,235 6,679 45,596 132,324 ME NATURAL GAS NYMEX (10,000 mmBtu.; \$/mmBtu.)

3 069 3.036 52,384 28,262 2,628 2,590 13,579 38,610 2,325 2,260 16,279 22,485 2.282 +0.087 2.052 +0.037 2.052 2.050 5,130 14,534 1877 +0.017 1,880 1,875 2,563 12,844 1,802 +0.002 1,830 1,780 1,587 9,149 43,938 165,442 NYMEX (42,000 US gaits; c/US gaits.)

57.75 -1.51 57.80 57.35 11,120 18,776 56.32 -0.67 56.25 55.00 6,302 24,733 55.46 -0.08 55.30 55.30 2,168 11,480 57.46 +0.12 57.65 57.30 432 5,792 57.00 +0.21 57.65 56.70 115 5,182 56.25 +0.21 58.15 56.00 213 2,544 18,443 71,058

grains and oil: Seeds ■ WHEAT CBT (6,000bu mir; cents/60/b bushel)

501.75 -5 517.00 510.00 823 366 501.50 -8.50 507.00 501.00 8,060 59,266 464.75 -4.00 489.50 484.00 589 8,152 430.50 -2.50 433.00 429.50 2,480 26,768 430.00 -3.00 433.00 430.00 261 4,962 438.50 -3.50 439.00 435.50 304 2,261 11,139 98,847 MAIZE CST (5,000 bu min; cents/56th bushel) \$43.25 +1 344.59 \$38.75 4,181 676 \$354.50 -0.25 \$56.25 \$53.75 37,722 298.034 \$36.75 -1.00 \$380.00 \$300.00 12,905 \$71.57 \$33.25 -1.75 \$365.00 \$32.90 11,230 \$83.75 \$36.25 -2.00 \$08.00 \$05.00 1,554 14,401 261.75 -3.25 295.00 291.25 5,091 34,929 54,865 482,975 E SOYABEANS CST (5,000be min; contaction bushed) 732.25 -8.50 740.75 731.50 11,799 49,517 742.25 -8.25 750.75 741.50 34,170 78,076

E SOYABEAN OIL CBT (60,000lbs: cents/lb) 25.45 +0.11 25.60 25.46 572 55 25.49 -0.23 25.89 25.48 5,755 21,709 25.81 -0.21 26.16 25.79 5,082 31,39 26.09 -0.21 26.11 26.08 1,832 11,873 26.28 -0.17 26.57 26.25 1,006 10,009 26.34 -0.17 26.55 26.38 SOYABEAN MEAL COT (100 tons; \$/ton)

Sett Day's Open price change High Low Vol. lot

E COCOA (ICCO) (SPIFa/tonne) E COFFEE "C" CSCE-(87,500tos; cents/los)

745.50 -8.75 753.75 745.00 3,085 18,993 746.50 -8.00 754.00 745.00 4,864 23,958 739.50 -8.00 747.00 739.50 341 1,897 715.50 -2.75 719.25 715.50 131 2,047

42,271 198,975

SOFTS

■ SUGAR "11" CSCE (112,000lbs; cents/lbs) 232.4 -0.1 25.0 229.8 845 202
233.2 -1.5 224.5 231.7 6,256 25,732
235.0 -2.5 238.3 225.4 6,285 22,83
235.4 -2.6 237.5 235.1 1,416 12,474
234.7 -2.2 237.0 234.3 930 12,946
231.5 -2.5 234.0 230.5 92 1,870
271.149 108.818 E COTTON NYCE (50,000lbs; cants/lbs) Mar May Jul Oct Dec Mar

Softs continued

■ COCOA CSCE (10 tunnes; \$/tunnes) E ORANGE JUICE NYCE (15,000/bs; cents/fbs) . 118.30 +3.00 115.70 118.20 1.257 8.704 Vol -2-1282 1270 5,619 37,650 -2-1305 1293 1,938 18,166 -2-1324 1816 717 5,603 -5-1345 1338 418 9,545 -5-1388 1385 198 8,116 -3-1392 1382 2,017 4,795 127,75 +2.85 128.50 125.10 190.00 +2.65 129.00 129.00 128.75 +2.75 125.50 .125.50

· - Price

100.90 -7.70 108.00 103.00 131

-3.80 100.40 .95.40 7.041 18.636 -4.15 99.25 94.25 1.347 4.254 -4.15 98.25 94.25 1.347 -3.55 98.90 94.75 50.5 -3.55 99.25 95.60 196 -3.50 98.90 95.25 38

4,254 1,565 977

95.70 - 1.80 100.40 185.00 185

AU .101.15

11.50 +0.12 11.54 11.30 5.128 52.304

11.09 +0.05 11.51 10.91 1,502 24,573 10.96 +0.05 11.51 10.97 15.02 24,573 10.46 +0.05 10.51 10.37 616 16,763 15.16 -0.03 10.16 10.09 207 18,762 9.65 -0.06 8.67 9.60 20 11,014 9.74 -0.05 - 2 1,466 10.00 10

81.05 +0.84 81.70 80.0812.816 26.422
80.10 -0.87 80.80 78.50 2.576 9.777
79.58 -0.37 80.45 78.20 1.373 7.111
78.85 -0.30 78.10 78.35 170 1.897
78.25 -0.30 78.70 76.25 1.488 9.700
77.35 -0.72 77.65 77.35 163 938

COFFEE (ICO) (US centa/pound)

Dec 22 Comp. daily 15 day avorage

W/A MEAT AND LIVESTOCK LIVE CATTLE CIME (40,000/bs; conts/lbs)

> 68.850 -0.252 67.750 -66.900 2.666 68.950 -0.623 67.500 -66.900 846 62.850 -0.475 63.900 62.750 273 61.950 -0.350 62.050 61.950 23 64.300 -0.150 64.350 64.050 82 64.300 -0.150 64.350 64.050 7.7565 7.7565 3,271 -1,292 III LIVE HOGS CME (40,000lbs; cents/lbs) 50.300 +0.050 50.475 50.100 1,973 15,816 49.625 +0.050 49.800 49.500 846 7,002 55.050 +0.100 55.150 54.800 678 5,866 54.400 +0.175 54.250 453 2,407 52.925 +0.025 52.830 52.700 163 1,838 47.400 +0.050 47.300 179 674

E PORK BELLIES CME (40,000fbs; conta/fbs) 59.625 -0.200 60.150 59.300 1,219 59.700 -0.075 60.100 59.300 227 60.200 -0.150 60.500 60.500 23 61.750 +0.350 61.850 60.850 28 58.600 +0.400 59.250 56.700 16

FUTURES DATA

AIRCRAFT LEASE PORTFOLIO

SECURITISATION 92-1 LIMITED U.S.\$104,200,000 Secured Class A2 Floating Rate Notes due June 1987 Notice is hereby given that the Rate of Interest has been fixed at 6.35469% and that the interest payable on the relevant Interest Payment Date June 27, 1996, in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$322.03 and in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$3,230.30.

> AIRCRAFT LEASE PORTFOLIO SECURITISATION 92-1 LIMITED

December 2.". 1895. London By: Citibank, N.A. (Issuer Services), Agent Bank CTTBANK

1.5.570,400,000 Secured Class A3 Floating Rate Notes due June 1997 Notice is hereby given that the Rate of Interest has been fixed at 6.37969% and that the interest payable on the relevant Interest Payment Date March 27. 1996. In respect of U.S.\$32,200 nominal of the Notes will be U.S.\$519,27 and in respect of U.S.\$18,100 nominal of the Notes will be U.S.\$259.64.

December 27, 1995. London By: Otibank, N.A. (Issuer Services), Agent Bank CITIBANCO

N&P_

\$250,000,000 Floating Rate Notes due 1997 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 20th March, 1996 has been fixed or March, 1996 has been tixed of 6.74219% per annum. The interest accruing for such three month period will be £167.63 per £10,000 Bearer Note, and £1,676.34 per £100.000 Bearer Note, on 20th March, 1996 against presentation of Coupon No. 14.

Union Bank of Switzerland London Branch Agent Bank 20th December, 1995

FINANCE LTD USD 185,000,988 Figating Rate Notes due 2001 Notice is hereby given that the rate of

interest for the period from Decembe 27th. 1995 to March 25th, 1996 has been fixed at 5.925 per cent. The coupon amount due for this period is USD 146.48 per USD 10,000 denomination and USD 732.40 per USO 50,000 and is payable on the interest payment date March 2011. The Riscal Agent
Bunque Rationale de Parts
(Luxantheurg) S.A.

Floot Financial Group US\$100,000,000 Floating Rate Subortinated Capital Notes Dua 1996 For the three months 27 December 19 27 March 1998 the notes will carry an in-rate of 5 7875% per annum and coupon a of US\$14.62 per US\$1,000 note.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN SHARP CORPORATION

of this dividend.

SHAHH CONTPORATION

NOTICE IS HEREBY GIVEN that a cash
dividend will be paid to shareholders
of record date. March 31, 1996.
Furthermore, it has been declared that
the shares will be indeed ex-dividend on
the Japaneses Stock Exchanges with
effect from March 28, 1996.
Subject to approve of the dividend, a
further notice will be published, after
records of the dividend by the Depositary,
stating the amount and actual date of stating the amount and actual date of payment of such dividend together with the procedure to be followed to obtaining payment.
Coupon No 31 will be used for collection

TO HEAR LEADING SPOT RATES INDICES AND INTEREST RATES Call 0839 35 35 15 For a free Dealing Pack which includes the full range of 17 Futures Call services phone (0171) 522 2205 Futures CALL

D.R. Kenst Assistant Secret

QUEEEC CENTRAL RAE, WAY COMPANY 4% FRST MORTGAGE DESENTURESTOCK

Notice to the Holders of DAIWA INTERNATIONAL FINANCE (CAYMAN) LIMITED U.S. \$200,000,000

Subordinated Floating Rate Notes due 2001 (the "Notes") guaranteed on a subordinated basis as to payment of principal

and interest by THE DAIWA BANK, LIMITED Pursuant to Conditions 6(b) and 13 of the Terms and Conditions of the Notes and Clause 7 of the Paying Agency Agreement dated 29th January, 1991 relating to the Notes, notice is hereby given that all the outstanding Notes shall be redeemed at their principal amount on

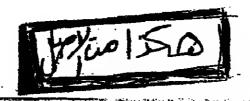
31st January, 1996. Daiwa International Finance (Cayman) Limited P.O. Box 694, CIBC Building. Edward Street, George Town, Grand Cayman, Cayman Island By: The Dalwa Bank, Limited

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FINANCIAL TIMES WEDNESDAY DECEMBER 27 1995

for sales, Japan's brokers look for new year rally Canadian newsprint group

embraced by Japanese brokers groundless, they still like to stick by them. One favourite is that a new year rally bodes well for the next 12 months.

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However, although the Tokyo stock market has recovered by 37 per cent from a low in July, thanks to buying by overseas investors, and only needs to advance by just 0.5 per cent further before it hits 20,000, they are wary of pre-dicting a further rise in Japa-

Indeed, the Nikkei may need all the luck it can get next year. While overseas investors have been the driving force behind the Nikkei's rise over the past year, some pessimists argue that they may not repeat the aggressive buying.

Overseas investors bought a net Y2,718.2bn (\$26.7bn) during the first 11 months of 1995 while domestic investors sold Y2.272.9bn.

"Overseas investors seem to be more optimistic. They are responding to the favourable

rities in Tokyo.

The question is whether the 1 1882 recent advance will be given further impetus by domestic institutions, or whether they will remain by-standers. There won't be a strong

market recovery without participation by domestic inves-tors," says Mr Kohashi. The more benign macroeconomic environment which

attracted so many foreign-investors may tempt domestic institutions. The more favourable factors include low interest rates, a more stable yen and a recovery in corporate earnings. Most Japanese economists to progress steadily during the financial year starting in April Corporate earnings are expected to rise for the third consecutive year, while the dollar, which hit a record-low

Y79.5 in the summer, is expected to remain above Y100.

Long-term interest rates are also likely to stay at low levels

hile the past four news while domestic institution was proven flows remain inactive," says Mr many of the omens. Yukhil Kohashi at Daiwa Secu-5.621.B -4.907.9 32146 -3.025.1Source: Tolgio Stack Exchange

> bond buying operations. And fears of a banking crisis, which hit banking stocks this year, are likely to wane due to the government's rescue package. We're looking for companies that will grow, not just those whose sarrings will recover," says Mr Edwin Mer-ner of Schroders Investment

r Merner sees the Tokyo stock market rising by 10 to 15 per cent next year, helped by low interest rates, an earnings recovery and corporate

first three months of the year. ahead of the March book closrestructuring. Despite the favourable out-look, however, domestic inves-tors have remained reluctant ing - the end of the current business year. Many of the leading banks have pledged to write off their bad loans, and to invest in equities. Last year,

will need to support their earnings by realising profits on

Life insurance companies have also favoured bonds over equity investments due to the declines in premium income. They were heavy sellers of stocks during the six months to September as their operating profits slumped.

Wa're going to bargain hunt, but we expect a heavy resistance at 21,500 on the Nikkei," says Dai-Ichi Mutual

Japanese

institutions will return to equities in April, the start of the new financial year, will depend on how much they can repair their balance sheets. It will also depend on how far foreigners drive Japanese share prices higher, since a rise in the stock market also props up their ability to take

Whether

"They cannot continue to ignore the market if it rises. Japanese institutions tend to buy when the market's up and sell when the market's down,"

offers C\$1.1bn for rival

By Robert Gibbens in Montreel

Donohne the Canadian forest products group controlled by print and publishing group Quebecor International, is to form North America's thirdlargest newsprint producer by taking over Quno for C\$1.1bn (US\$808m) or C\$30.50 a share. Tribune Company, the US

media group which holds a 53 per cent stake in Quno, has accepted the Donohue offer comprising C\$20.81 a share. C\$5.26 in notes and 0.29 of a

Donohue share. Rising newsprint prices in cent months have highlighted Canada's fragmented pulp and paper industry. In newsprint the new group would fall behind Stone Consolidated, which recently merged with Rainy River For-est Products, but just surpass

A Christmas rescue for

Copenhagen's Burmeister &

Wain Shipyard was agreed between Danish and American

creditors, but before it can be

realised there will be a scram-ble to sell several thousand

"partnership" investments in

three or four bulk carriers to

Danish investors before mid-

completion of a final vessel.

Abitibi-Price.

By Hilary Barnet

in Copenhagen

It would have annual news print capacity in Ontario, Quebec and British Columbia totalling 1.5m toppes and will be eastern Canada's biggest construction timber producer.

Tribune put its stake in Quno on the market in September, in order to focus on media and entertainment. It had twice reduced its interest in the past two years. After the deal's close, Tribune will own about 6 per cent of Donohue. A four-year C\$250m pro-

gramme at Quno's Que newsprint mill would raise capacity and diversify production. The new company will be able to supply recycled content newsprint up to 75 per cent.

Donohue's programme to install a coated naper machine at its Quebec BCTMP mill will be shelved for the time being, said Mr Michel Desbiens, president of Donohue.

1995 the two companies had total revenues of C\$1.42bn against C\$969m a year earlier and net profit of C\$281m against C\$62m.

"In 1996 we can provide shareholders of the combined company with a better return than 1995," said Donohue's Mr

Desbiens. "We are both low-cost newsprint producers and the fit is ideal. There will be some rationalisation, but we see the world newsprint market firm for the next two or three years." he added.

Analysts ssy Avenor. another big Canadian forest products firm, was intereste newsprint

The Donohue bid offers a remium of C\$1.75 a share ove Quno's market price last Fri-

Air force chief to be chairman of Thai Airways

By William Barnes in Bangkok

Thai International Airways suffered a setback in its struggle to repair the damage of past military interference and develop a professional management yesterday, after the appointment of air force chief Siripong Thongyai as chair-

The appointment, apparently the best that could be achieved

military involvement in the airline, is likely to delay the restructuring that senior-management has admitted is neces-.

Thai's brief flowering as an aviation leader in the \$60s. Thai tourist boom tempts the then military dominated airline into hiring a bizarra mix of engines and aircraft kail a bloated and fractured management. The airline recently fell sharply in customer satisfaction rankings in Business Traveller magazine.

One analyst who watches That for Baring Securities in Bangkok was "neutral. There's no way That is going to catch Cathay Pacific or SIA, in terms of competition, any time soon - so perhaps someone who can keep the peace within the airline isn't a bad thing."

A powerful lobby of air force personnel and politicians appear to have blocked a move

to appoint as chairman the senior finance ministry civil servant, on the grounds that the ministry owns 93 per cent of the equity.

domestic institutions, corpora-

tions and individual investors

sold a net Y3.143.8bn of stocks.

The need to restructure

prompted financial institutions

and companies to take profits on their stock-market holdings.

ised profits on shareholdings, which acted as a buffer against

the risk-taking predelictions of the country's largest investors

the banks and life insurance

Japanese banks are expected

to remain sellers during the

Meanwhile, a fall in unreal-

ent losses, also affected

Such a technocrat, lt was hoped, could have prepared That for fully-fledged privatisation with a second tranche of shares being sold to the public. However, such a sale is unlikely while the share price remains about Bt15 below the March 1992 IPO price of Bt60.

Luc Perron, who follows Thai for HG Asia in Bangkok, said: "This is not a progressive move - it just maintains the status quo. Thai must eventually get an aviation profes sional or a professional manager at the helm."

night on December 31. Siripong was acting chair-The yard went into receiverman after Mr Amaret Sila-on, a ship last June. After repeated civilian, stepped down in July failures to agree on a financial reconstruction, in November following a change of government which took away his B&W announced that the yard would be closed in March, after

However, an eleventh-hour reprieve appears to be in prospect for the 900 remaining workers and staff at the yard, which has e history going back

Burmeister rescue plan agreed

According to the latest plan, a new company will take over the shipyard, backed by an investor consortium, which

more than 150 years.

will put up DKr100m (\$18m). Creditors in the existing company, including American insurance companies holding the company's bonds, have agreed to invest the "dividend" from the bankrupt company as equity in the new operation, which will thus have about DKr300m in cash with which to

start up. It will also have one

other substantial asset, the site of the yard itself. The final realisation of the rescue, however, depends on selling the "pertnership" investments in three or four bulk carriers before New Year's Day.

Partnership investments carry an attractive write-off against income tax and are e popular means of modifying tax liabilities.

However, the government has already passed legislation which will put an end to partnership investment schem with effect from January 1, thus giving the yard only days to ensure the orders on which

GE Capital in further, acquisition from Aon 12th

By Tony Jackson in New York

GE Capital, the financial services subsidiary of General Electric, is to pay \$960m for. Life Insurance Company of Virginia, part of the Chicagobased insurance group Aon

The deal is part of an aggressive acquisition programme by GE Capital and continues a consolidation trend within the

This is GE Capital's second deal with Aon in six weeks. In November it said it would pay more than \$400m for Aon's Union Fidelity life and health operation. Aon had put the two in September, saying it wanted

FT GUIDE TO WORLD CURRENCIES

to concentrate on worldwide insurance brokerage and other

GR Capifal's investment and insurance operations inside US are brought together our its GNA Corp subsidiary, GNA's main emphasis to date has been on selling manualificants and amnifiles.

Mr Patrick Welch, chartexec-

utive officer of GNA: said the acquisition was of key-importance to the stra strengthening GNA's life insur-The latest deal would add

\$9bn to GNA's assets, raising the total to \$30bn GEssaid. Regulatory approvals should be finalised within the first half of 1996.

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US bonds edge higher

The 30-year US Treasury bond was up % to 111% by noon yesterday, to yield 6.04 per cent, while the two-year bond was up & to 99%, yielding 5.25 per cent. Trading was very light as the market awaited. budget developments in Wash-

ington, writes Tony Jackson. Little progress in resolving the budget impasse is expected until President Clinton meets. Republican leaders later this week. In addition; no govern-

ernment shutdown. The Bureau of Labour con-CPI and PPI would be delayed for at least a week and possibly longer.

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Belleli creditors clear way for restructuring

By Andrew Hill in Milan

Creditors of Belleli, the family-owned Italian engineering contractor, have cleared the way for the restructuring of the Mantua-based group, which ran into financial trouble earlier this year. ...

The creditors, including banks and suppliers, agreed that Belleli could be put under "controlled administration" d set up a creditors' committee to help the court appointed

administrator. Belleli is well-known internationally for its work on heavy engineering contracts, such as the construction of power stations and deep-sea oil plat-

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Delays in payment on certain government contracts precipitated a financial crisis over the summer, and banks insisted on removing the Belleli family from management of the company.

Mr Renato Cassaro, a former senior manager with the Iri state holding company, joined as chief executive last month. · A decision on the sale of the Italian state's 84 per cent stake in Dalmine, the special steels group, is expected shortly after a false alarm yesterday when the group's shares were suspended, prompting specula announcement. Dalmine is the last part of the old Ilva state steel group to be sold.

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| CROSS BORDER M&A DEALS | | | | | | | | |
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| BIDDER/INVESTOR | TARGET | SECTOR | VALUE | COMMENT | | | | |
| Fleet Financial (US) | Unit of NatWest (UK) | Banking | 22.3bn | NatVest releases \$1bn capital | | | | |
| Warner Lambert (US) | Warner Wellcome (UK/LIS) | Pharmaceuticals | £882m | Glasto sella OTC stake | | | | |
| Ameritech (US)/Deutsche Telekom (Germany) | Matev (Hungary) | Telecoms | £536m | Raising atake to 67% | | | | |
| Royal Benk of Scotland (UK)/Benk of Ireland (Ireland) | Menger | Banking | £282m | Merging US | | | | |
| Dresdner Benk (Germany) | RCM (US) | Financial Bervices | £195m | Building up anset menagement | | | | |
| Sodesho (France) | Partena (Sweden) | Contract services | £147m | Extends Nordic coverage | | | | |
| Investor Consortium (US) | Unit of Forte (UK) | Hotels. | £114m | Forte continues disposals | | | | |
| SmithKline Beecham (UK/US) | Abtel Pherms Vertrelbs (Germany) | Pharmaceuticals | £91m | Boosts German OTC presence | | | | |
| Coeur d'Alene (US) | Gasgoyne Gold | Mining | £65m | Agreed offer | | | | |
| Persons (UK) | Financiere Top Log (France) | Distribution | £20m | Persona doubles aiza | | | | |
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CARNAUD METALBOX

At the Supervisory Board of CarnaudMetalbox on December 21st 1995, chaired by Mr Ernest-Antoine Seillière, the Crown Cork and Seal public offer of exchange and cash tender offer was examined, following the positive decision taken by Crown Cork and Seal shareholders at their Extraordinary General Meeting in Philadelphia on December 19th, 1995.

The Supervisory Board unanimously expressed a favourable opinion concerning the offer.

CarnaudMetalbox is one of the leading packaging manufacturers in the world with annual turnover of FRF 25 billion of which 80% is in Europe. The Group's operations are focused on metal and plastic packaging. CarnaudMetalbox employs more than 30,000 people at 178 factories in 39 countries.

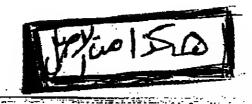
> For further information, please contact: Simon Gillham, Head of Communication Tel 33-1-44-15-69-92 - Fax 33-1-44-15-69-85

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THE CROSS PLATES

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| Helican Colors C | Listembourg (LF) 45.820 +0.2836 562 - 277 45.927 45.5120 45.787 02.7 45.607 2.5 44.907 2.1 109.0 Listembourg (LF) 29.5125 -0.0875 Netherlands (F) 2.4983 +0.0101 937 - 980 2.4981 2.4983 2.499 2.8 2.470 2.8 2.435 2.4 109.1 Netherlands (F) 1.6047 -0.0075 (F) 1.60 | 990 - 260 20.5400 29.4990 29.4605 2.1 29.5725 1.9 20.0575 1.5 108.5 042 - 062 1.6113 1.6036 1.6018 2.4 1.5966 2.0 1.5772 1.7 108.5 243 - 263 6.3576 8.3160 8.3231 0.4 8.3148 0.7 8.2976 0.4 97.4 | Week ago: 10% 10½ 10% 10½ 10% 10½ - 9.00 10.67 Netherlands 3½ 5% 3% 3% 3% - 3.50 3.40 |
| French Configure By English Configure Configur | Portugal (56) 283 285 +0.888 082 - 887 233.587 231.687 233.66 \$2.2 234.585 -2.3 98.1 Portugal (53) 149.990 -0.705 (| 840 - 040. 150.730 148.910 150.265 -3.0 151.135 -3.1 154.74 -3.2 95.2 570. 620 122.300 121.570 121.99 -3.9 122.725 -3.7 126.215 -3.8 81.8 286 - 361 6.8498 6.6100 6.6494 -3.1 6.6789 -2.8 6.8164 -2.8 86.4 | week sgo 3½ 3½ 3½ 3½ - 35Q 3.4Q Switzerfund 1½ 1½ 1½ 1½ 1½ 5.00 2.0Q - week sgo ¾ 2½ 1½ 1½ 1½ 1½ 5.00 2.0Q - US 5½ 5% 5½ 5% 5½ 5.25 - |
| Total 17 A | Selfzerfand (SF) 1.7984 +0.0082 970 - 997 1.7983 1.7919 4.3 1.7789 4.3 1.7231 4.2 115.8 Selfzerfand (SF) 1.1585 -0.0049 1 UK (2) - 83.0 UK (2) 1.5550 +0.0155 | 560 - 570 | week ago |
| Section 200 B | SOR† - 1.038400 | 998 998 1,0000 0,998 | ## \$ LIBOR FT London Interbank Fixing - 5% 5½ 5% 5% week 800 - 5% 5½ 5€ 5½ |
| 11 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Missidos (New Peac) 11.7403 +0.1174 209 - 596 11.7595 11.6977 Niesdos (New Peac) 7.5500 +0.01 | 697 - 898 0.9700 0.9896 | US Dollar CDs - 5.13 5.25 5.25 5.20 |
| order Table 1 | Pacific/Middle East/Africa - C - Pacific/Middle East/Africa - Pacific/Midd | 504 - 514 | week ago - 5% 54 5 SDR United Do - 34 3% 3% 34 week ago - 34 32 3% 3% 30 |
| temp. | India (Re) 54.4289 +0.511 075 - 503 54.4503 53.9110 - India (Re) 35.025 +0.025 (India (Re) 31.0047 +0.0047 (10.0041 935 - 157 4.9157 4.9578 0 - India (Re) 3.1541 -0.0218 (India (Re) 4.122 134 - 314 136.480 156.289 6.3 158.884 5.9 150.544 5.5 140.8 India (Re) (Re) 25.025 - 0.105 (India (Re) 4.122 134 - 314 136.480 156.289 6.3 158.884 5.9 150.544 5.5 140.8 India (Re) (Re) 25.025 - 0.105 (India (Re) 4.122 134 - 314 136.480 156.289 6.3 158.884 5.9 150.544 5.5 140.8 India (Re) (Re) 25.025 (India (Re) 4.122 134 - 314 136.480 156.289 6.3 158.884 5.9 150.544 5.5 140.8 India (Re) (Re) (Re) (Re) (Re) (Re) (Re) (Re) | 000 - 050 35,0000 34,9700 35,1526 -5.1 35,4575 -5.2 36,9275 -5.5 -80 602 3,1715 3,1480 | § LEOCR Interbank foung gates are offered esten for \$10m quoted to the market by lour reference banks at 11am each working day. The banks are September 1 rust, Bank of Tokyo, Sercieya and Nebbook Washessetter. Aid states are phone for the domestic Money Rates. US\$ CDs. ECU & SDR Linked Deposits Dol. |
| Section 1997 1997 1997 1997 1997 1997 1997 199 | New Zeeland (NZS) 2.3856 +0.0185 835 - 876 2.3876 2.3856 2.88651.5 2.3956 -1.7 2.4197 -1.4 1012 New Zeeland (NZS) 1.5340 -0.0014 3 Philippious (Peec) 40.8110 +0.3465 434 - 785 40.8785 40.7434 Philippious (Peec) 26.2450 -0.005 1 | 385 - 405 | EURO CURRENCY INTEREST RATES Dec 22 Short 7 days One Three Six One mem notice month months wear |
| 64 miles 18 | Singapore (SB) 2.1896 +0.0168 973 - 018 2.2018 2.1826 | 135 - 155 1.4162 1.4135 1.411 3.0 1.405 2.7 1.3795 2.5 - 500 - 650 3.6860 3.6805 3.6905 -9.2 3.7416 -8.6 3.9805 -8.8 - 770 - 800 773.000 772.200 775.75 -4.7 779.25 -3.4 797.75 -3.2 | Beigen Franc 3½ - 3½ - 3½ - 3½ - 3½ - 3½ - 3½ - 3½ |
| The state of the s | Tailwan (13) 42.4422 +0.3823 254 - 589 42.4599 42.0701 : g Tailwan (13) 27.2940 +0.000 ii Thailland (3) 39.1394 +0.3244 190 - 597 39.1597 99.8000 ii † Rates for Dec 22. Bioloffer appeals in the Pozzal Spot table show only the last time depices because any not directly casted to the arminst † 50F are per 6 for Dec 22. Bioloffer appeals in the Pozzal Spot table show only the last time depices because on the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table show only the last time depices for one and the pozzal spot table spot t | 920 - 980 27:3010 27:2920 27:314 -0.9 27:354 -0.9 850 - 750 25:1800 25:1850 25:2688 -4.7 25:4725 -4.8 28:355 -4.7 be Coller Spot table show only the limit three decimal places. Forward rates are not directly quoted to the | Dutch Guider 35 - 31 - 35 - 34 - 35 - 35 - 35 - 35 - 35 - 35 |
| And the second of the second o | Mid-rates in both the and the Dollar Spot tables derived from THE WAVELITIES CACCIONS GROT FACES, Some values are rounded by the F.T. | Ireland & ECU are quoted in US currency. I.P., Morgen nominel Indices Dec 22: Base average 1980-100 | Spanish Pesets 9 3 9 3 9 3 9 3 9 3 9 9 9 9 9 9 9 9 9 |
| Section 1 County 1 Co | CROSS RATES AND DERIVATIVES | FT GOLD MINES INDEX | Swean Franc 12 11 12 12 24 24 2 15 11 11 11 15 14 15 14 16 17 14 16 17 14 16 17 14 16 17 14 16 17 14 16 17 14 16 17 14 16 17 14 16 17 16 1 |
| The Mark Brown by The Control of the | EXCHANGE CROSS RATES Dec 28 BFr DKr FFr DM E. I. FR NKr Es Pts SKr SFr E C\$ \$ Y Eco Belonisms (SFr) 100 18.81 18.84 4.865 2.109 5367 5457 21.43 508.2 411.9 22.47 3.918 2.179 4.611 3.589 346.9 2.659 | Dec % stbg Dec Year Bream dir P/E 32 week 22 on day 21 aga yield % ratio High Law Gold Micros Indias (S4) 1592-46 +0.3 1828-87 1909-28 1.75 - 2903-86 1837-91 | Assent SSing 11, -15, 21, -25, 25, 25, 25, 25, 25, 25, 25, 25, 25, |
| All Marie Collis Services All Marie Collis Services Servi | Beighton (SFr) 100 18.81 18.64 4.865 2.100 5367, 5.457 21.43 508.2 411.9 22.47 3.978 2.179 4.511 3.389 346.9 2.850 Dentmark (DKr) 53.18 10 8.847 2.581 1.121 2863 2.890 11.39 270.1 218.9 11.94 2.083 1.158 2.451 1.801 184.4 1.409 France (FFr) 80.08 11.30 10 2.917 1.287 3225 3.267 12.88 305.2 247.4 13.50 2.354 1.809 2.770 2.038 208.4 1.502 Germany (DM) 20.80 3.875 3.428 1 0.434 1705 \$1.20 4.415 194.7 84.83 4.827 0.807 0.449 0.950 0.898 71.45 0.546 | H Registrat Indices. Africa (16) 2517.52 -0.4 2528.51 3105.10 3 67 26.54 3191.21 2272.74 Australia (8) 2367.89 -0.4 2378.21 2395.82 2.08 37.40 2607.57 1788.20 | THEREE MOORTH EUROPOLLAR (ARM) 51m points of 100% Coen Latest Change High Low Est vol Open int. |
| TALL MAN OF THE STATE OF THE ST | releand (E) 47.41 8.918 7.890 2.902 1 2544 2.577 10.18 240.9 195.2 10.65 1.887 1.093 2.188 1.696 164.5 1.258 | Horth Americs (12) 1707:80 +0.7 1805.13 1481.01 0.79 50.60 1831.00 7340.18 Copyright, The Presonal Times Limited 1995. "FT Gold Miless Index" or a trademark of The Franciscal Times Limited Figures is brackets above remoter of conspanies. State US. Dollars. State Values: 1000.00 37(1276.2.1) Parest. Lastest prices evaluable for this edition. | Mar 94.61 94.62 - 94.63 94.62 43,015 450,051 Jun 94.64 94.65 +0.01 94.86 94.84 28,596 391,346 |
| Authors (E) | Norway (NG) 46.86 8.777 7.765 2.285 0.984 2504 2.597 10 237.1 192.2 10.48 1.826 1.017 2.151 1.581 161.9 1.236 Portugat (Es) 19.86 3.712 3.275 0.955 0.418 1056 1.070 4.218 100, 81.06 4.421 0.771 0.429 0.907 0.867 88.27 0.321 Spein (Pts) 24.28 4.588 4.041 1.178 0.512 1503 1.320 5.204 123.4 100, 5.455 0.951 0.529 1.120 0.823 84.23 0.643 Swaden SKO 44.51 8.373 7.408 2.181 0.939 2389 2.420 0.540 2262 183.5 10 1.744 0.870 2.052 1.508 154.4 1.179 | | Sep 94.85 94.90 +0.02 94.91 94.86 15,581 247,749 M US TREASURY BILL FUTURES (MAIA) \$1m per 100% |
| Secretary St. 1 | Sweden (SK) 44.51 8.373 7.408 2.181 0.939 2389 2.420 9.540 228.2 183.5 10 1.744 0.870 2.622 1.508 1.54.4 1.179 Switzerigand (SF) 25.52 4.801 4.248 1.239 0.588 1370 -1.386 5.471 129.7 105.1 5.734 1 0.556 1.177 0.865 89.54 0.675 UK (E) 45.89 8.633 7.696 2.228 0.988 2463 2.39.5 239.2 189.0 10.31 1.786 1 2,118 1.555 159.2 1.216 Centade (CS) 21.89 4.080 3.810 1.058 1.457 1164 1.179 4.648 110.2 89.32 4.872 0.060 0.478 1 0.735 75.24 0.575 | LONDON RECENT ISSUES: EQUITIES | Mar 95.05 95.06 +0.01 95.07 95.06 447 7.089 Jun 95.26 95.25 -0.01 95.27 95.25 31 3.681 Sap 95.29 - 74 |
| In the state of th | Canades (CS) 27.89 4.080 3.510 1.053 0.457 1164 1.779 4.646 1102 59.52 4.572 0.050 0.473 1 0.755 75.24 0.575 | lacue Amt ME4. Price paid cap 1985 price Net Dw. Gra P.E. p up (2m.) High Low Stack p +/- div. cov. yid net | All Open trianest Sgs. are for previous day |
| 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | Denish Kroner, Franch Franc, Horwegien Kroner, and Bwedish Kronor per 10; Belgian Franc, Yen, Escrido, Lira and Peresta per 100. | - FP. 24.0 29 28 Cash Converters 24 MA/2.6 5.1 13.5 18.0 - FP. 22.4 125 118 †Century larts 117 | Ermen |
| To all | E D-MARK FUTURES (MM) DM 125,000 per DM | 150 F.P. 72.1 160 149½ Contworth 151 Rv5.8 2.1 4.8 12.4 - F.P. 54.1 110 108 Cox Insurance 110 - F.P. 14.0 80 52 †Crown Products 53 - F.P. 15.2 90 81 †Crown Products 61 - F.P. 15.2 90 81 †Crown Products 61 | ■ NOTIONAL FRÊNCH BOND FUTURES (MATIF) FF:500.000 Open Sett price Change High Low Est. vol. Open int. |
| Herman St. | Open Latest Change High Low Estate Open int. Peaned in New York | - F.P. 13.2 448 448 Birst Surrey NV 448 | Mar 119.94 120.22 +0.20 120.22 119.84 9.587 120,879 Jun 120.42 120.64 +0.20 120.50 120.42 402 4,062 Sep 119.56 119.78 -0.02 110.56 119,56 2 615 |
| | Dec | 200 F.P. 21.5 208 198 Genthouse 199 -3 Lv4.4 3.5 2.8 13.0 F.P. 14.7 28 24 TMarcs 8 O'seas 25 +1 204 F.P. 3.385, 124-2 198 Netional Grid 199 Wy11.23 2.3 7.1 8.9 | And American Management |
| | Mar 0.8713 0.8724 +0.0009 0.8740 0.8705 5.586 32,803 Jun 0.8756 0.8784 -0.0008 0.8784 20 981 | - F.P. 8.59 78 75 †Ninc Pelini 75 F.P. 0.13 8 8 †Do Winds 8 F.P. 92.2 880 345 †Pet City 380 | Strike ———————————————————————————————————— |
| | Sep 0.8841 II JAPANHEER YES PUTUNES (MAN) Yes 12.5 per Yes 100 UK INTEREST RATES | - F.P. 25.0 152 124 †Polymene Phenes 125 -2 F.P. 1.07 105 100 †Revelation Polity 100 | 116 0.40 - 1.42 - 1.20 0.32 - 1.91 |
| | Open Latest Change High Low Estate Open int. LONDON MONEY RATES Mer 0.9941 0.9992 -0.0014 0.9998 0.9972 14,456 61,325 Dec 22 Over 7 days One Three Six One Jun 0.9995 0.9996 -0.0033 0.9996 865 1,374 night notice month months months year | 138 F.P. 44.9 135 133 Unicom Int 134 Wv5.5 2.2 5.1 11.2 F.P. 189.1 244 213 Victrex 244 44 Lv3.5 2.4 1.8 28.5 F.P. 3.90 135 125 TViewinn 130 | 121 0.03 0.70 122 Est, vol. total, Calls 2.174 Parts 632 Previous tray's open int., Calls 148,137 Parts 148,917 |
| dr production 18 and 18 | Sep 164 Interteint Stading 7½ - 5½ 6½ - 5½ 6½ - 6½ 6½ - 6½ 6½ - 6½ 6½ - 6½ 6½ - 6½ 6½ - 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ 6½ | F.P. 47.1 58 55 Wilmington 56 v 31.0 † Abstractive investment Market, For a full explanation of all other symbols please rater to The London Brane Service motes. | |
| | Mer 1.5380 1.542 40.016 1.5570 1.5402 3.556 31.832 Bank Bills 61 61 61 61 61 61 61 61 61 61 61 61 61 | | THE PROPERTY OF THE PROPERTY O |
| 44 | UK classing bank base landing rate 6 ¹ 2 per cent from December 13, 1995 Uo to 1 1-3 3-6 6-9 9-12 | EMS EUROPEAN CURRENCY UNIT RATES Dec 22 Ecu ceru. Rate Change % +/- trom % apread Div. | Jun 95.07 95.05 -0.01 95.07 95.05 217 41.423 Sep 95.20 95.09 - 95.10 95.09 134 27,359 |
| | Certs of Tex dep. (£100,000) 2 ¹ 2 5 ¹ 2 5 5 4 ¹ 4 | Netherlands 2,15214 2,10831 +0.00119 -2,04 5,85 15 5,9618 162,483 159,526 +0.17 -1,83 5,42 13 | |
| | Strike CALLS PAIS Annothing of denount of 1728pc. EC139 bad min 34g. Export Floration, Main up day Nov 30, 1996. Agroud rate for partial Dec 28, 1995 to day 23, 1996, Schwarze all & E728pc. Florate I & Branch for partial Dec 28, 1995 to day 23, 1996, Schwarze all & Branch for partial Dec 28, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 28, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 28, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 28, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996, Schwarze all & Branch for partial Dec 29, 1996 to day 23, 1996 to d | Belglum 38,3960 38,6910 +0.0372 -1.78 5.38 13 Occurry 1,91007 1,86303 +0.0016 -1.42 + 4.96 14 Austrie 13,4383 13,2510 +0,0011 -1.39 4.96 10 Denmerk 7,28580 7,28273 +0,00016 0,10 3,40 -1 | ECU BOND FUTURES (MATIF) ECU100,000 |
| and the second s | 1.520 2.55 3.25 3.79 0.23 1.65 1.65 December 1, 1996 1.530 1.61 2.60 3.45 0.35 1.40 1.85 1.540 1.15 2.09 3.16 0.70 1.74 2.06 1.550 0.67 1.57 2.62 1.21 2.27 2.61 BANK OF ENGLAND TREASURY BILL TENDER | Denmerk 7.28580 7.28273 +0.00016 0.10 3.49 -1 Portugui 193.792 197.043 +0.228 0.64 2.84 -4 France 6.40608 6.45720 -0.0047 0.80 2.86 -7 Inviend 0.782214 0.819918 -0.00034 3.50 0.00 -24 | Open Setz price Change High Low Est. vol. Open Int. Mar 90.02 90.12 +0.36 90.12 90.02 36 6,144 |
| ST ST THE PARTY OF | 1.800 0.34 1.17 1.78 1.88 2.82 2.99 Dec 22 Dec 15 Dec 22 Dec 15 1.570 0.18 0.85 1.43 2.82 3.49 3.57 BPs on other - £1500m 21500m Top accepted rate 6.2170% 6.1769% | NON ERM MEMBERS Greece 292.857 311.433 +0.243 6.34 -2.67 | Spain |
| A control of the cont | Total affocated \$1500m Arrong yield 6.2982% 6.277% Min. accepted tel: \$28.450 \$288.460 Offer at next tender \$1500m \$21500m | Table | B NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change High Low Est. vol. Open Int. |
| | BANK RETURN Wednesday Increase or BANKING DEPARTMENT December 20, 1985 decrease for week | Percentage changes are for East a positive strange denotes a week currency. Divergence once the rutio between two agreeds: the percentage difference between the occus market and Ecu central mace for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central size. | Mar 95.90 95.26 -0.12 95.35 95.18 7,538 49,006 |
| | Lieb#files 2 2 2 Capital 14.558.000 Public denosity 1.159.490.936 - 104.864.942 | (17/8982) Sterling and Italian Life empanded from EPAL Adjustment calculated by the Financial Times. US ENTEREST RATES | US III US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% |
| | Bankers deposits. 2,001,258,609 +241,389,300 BASE LENDING RATES Reserve and other accounts: 3,940,963,427 +563,978,486 7,116,286,972 +750,002,846. Adam & Company | Labert Treasury Bills and Bond Yields | Open Latest Change High Low Est vol. Open int. Mar 120-01 120-08 +0-07 120-10 119-28 104,447 305,100 Jun 119-19 119-27 +0-07 119-28 119-15 819 18,492 Sao 119-14 1,166 5,464 |
| Fichin Mary St. | Assets | One month | Sep 119-14 1,166 5,464 |
| | Notes 7,797,933 -3,294,529 Banco Billius Vizcaye | | |
| | SSUE DEPARTMENT Bark Co. | | |
| | Notes in Banking Department 7.797,833 3.294,829 Cilibank NA | BAWAG | Standard & Chartered |
| 2000年 | Other Government securities 14,552,420,513 -247,147,435 Coults at Co | BANK FÜR ARBEIT UND | Standard Chartered PLC |
| | UK GILTS PRICES | WIRTSCHAFT A.G. | (Incorporated with limited liability in England) |
| | With Annal belowed Line City With Agent Interest Lant City With Annal Interest Lant City With Annal Interest Lant City Below Frice C +4- Em due not line Major Frice C +4- Em due not line | U.S. \$100,000,000 Subordinated Floating Rate Notes due 2000 | £300,000,000 Undated Primary Capital Floating Rate Notes of which £150,000,000 |
| | Shorts Chart Cha | Notes notice is hereby given that the Rate of Interest has been fixed at 5.75% per annum and that the interest payable on the relevant Interest Payment Date June 27, 1996, against Coupon No.23 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$292.29. | comprises the Initial Tranche |
| , | Head 1944 Hea | December 27, 1995, London By: Criticank, N.A. (Issuer Services), Agent Bank CITIBANCE | in accordance with the Terms and Conditions of the Notes, notice is hereby given that for the three months period (91 days) from 22nd December 1995 to 22nd |
| | Them Shape 1987 11-12 10-13 - 1 5.500 1987 507 1 23.71 1507 1 10-13 1 10-13 1 1 | CALLER DESIGNATION CHIRANGE | March 1996 the Notes will carry an interest Rate of 6.75 per cent per annum. |
| | | A Pame Site for your Shimuzu International Finance (USA), Inc | The Interest payment date will be 22nd March 1996. Coupon No. 43 will therefore be payable on 22nd March 1996 at £839,14 per coupon from Notes of £50,000 |
| | These Fig Rate 1999 100% 5790 Sics-Delife E.11 495 Some Filterin Years 1 100% 100% 100% 100% 100% 100% 100% 1 | COMMERCIAL PROPERTY Yes 5,000,000,000 | nominal and £83,91 per coupon from Notes of £5,000 nominal. |
| | Conv Spc 200001 1078 -1 5.556 Sel Mr. 28.7 1244 11985 7200 Shall 1244 20 2010 Mr. 1255 124 125 125 125 125 125 125 125 125 125 125 | Tranche A Floating Rate Notes Due 1996 Advertise your property to In accordance with the provisions of | J. Henry Schroder & Co. Limited |
| 部。 网络 | \$52075\$ 7024 -13 2.500 Jef 867 21.18 4602 ************************************ | Advertise your property to approximately I million FT readers in 160 countries. For details: In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 22nd | Agent Bank |
| | Buch 120 - 2013 - 17 1304 -1.1 1,000 Jirl 2 0 e12 4,11 1 1200 Jirl 2 2000 1194 100 Jirl 2 5 6 21 3 7 3 -1 1 1 1 1 1 1 1 1 | Call Nadine Howarth Call Nadine Howarth | |
| | 70: 2001 \$1 | Courtney Anderson 1996 against presentation of | FT |
| | TOWN TO SERVICE TOWN TOWN THE TOWN TOWN THE TOWN TOWN THE TOWN TOWN TOWN TOWN TOWN TOWN TOWN TOWN | or Fam: +44 (6)171 873 3098 Union Bank of Switzerland London Branch Agent Bank | BACK ISSUES OF |
| and the second of the second o | There 5 to 2005-5 125 -0 200 My21 Me21 1820 1 125 1 125 1 125 1 125 1 125 1 125 1 125 1 1 125 1 1 1 1 | 20th December, 1995 | THE FINANCIAL TIMES |
| | Top' stock, ## The line to non-residents on application, E Auction basis, and Bit obligated on a Pricing to Pricing basis. | BUSINESSES FOR SALE | Back issues of the Financial Times are available by post or personal collection: |
| Last Seems 1 | STOCK INIDICES - 1995 - Stace camp. Dec. 22 Dec 21 Dec 20 Dec 19 Dec 18 High Low High Low Dec. 22 Dec 21 Dec 20 Dec 19 Dec 18 High Low High Low | Appear in the Financial Times on Tuesdays, Fridays and Saturdays. | *£2.50 (FT up to three months old) *£4.00 (FT older than three months) |
| | FI-SE 100 3533.30 3533.70 3576.90 5596.10 3880.40 2554.20 2680.40 400.00 FI-SEA Findings 1000.21 1006.22 1006.22 1100.82 1100. | For further information or to advertise in this section please contact | By post: Please telephone 0171 873 4683 Personal collection: From the Financial Times, |
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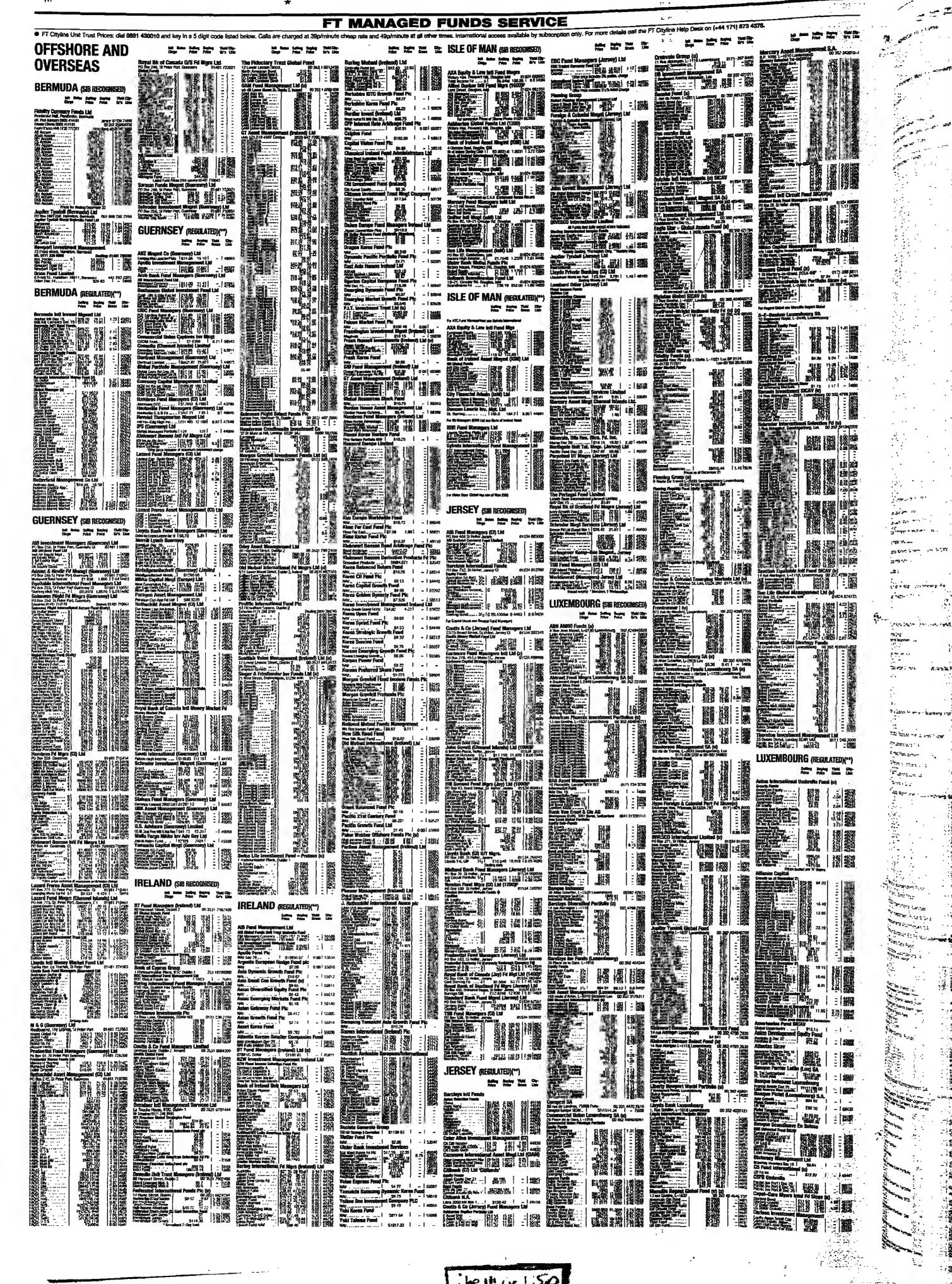
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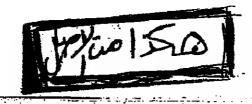
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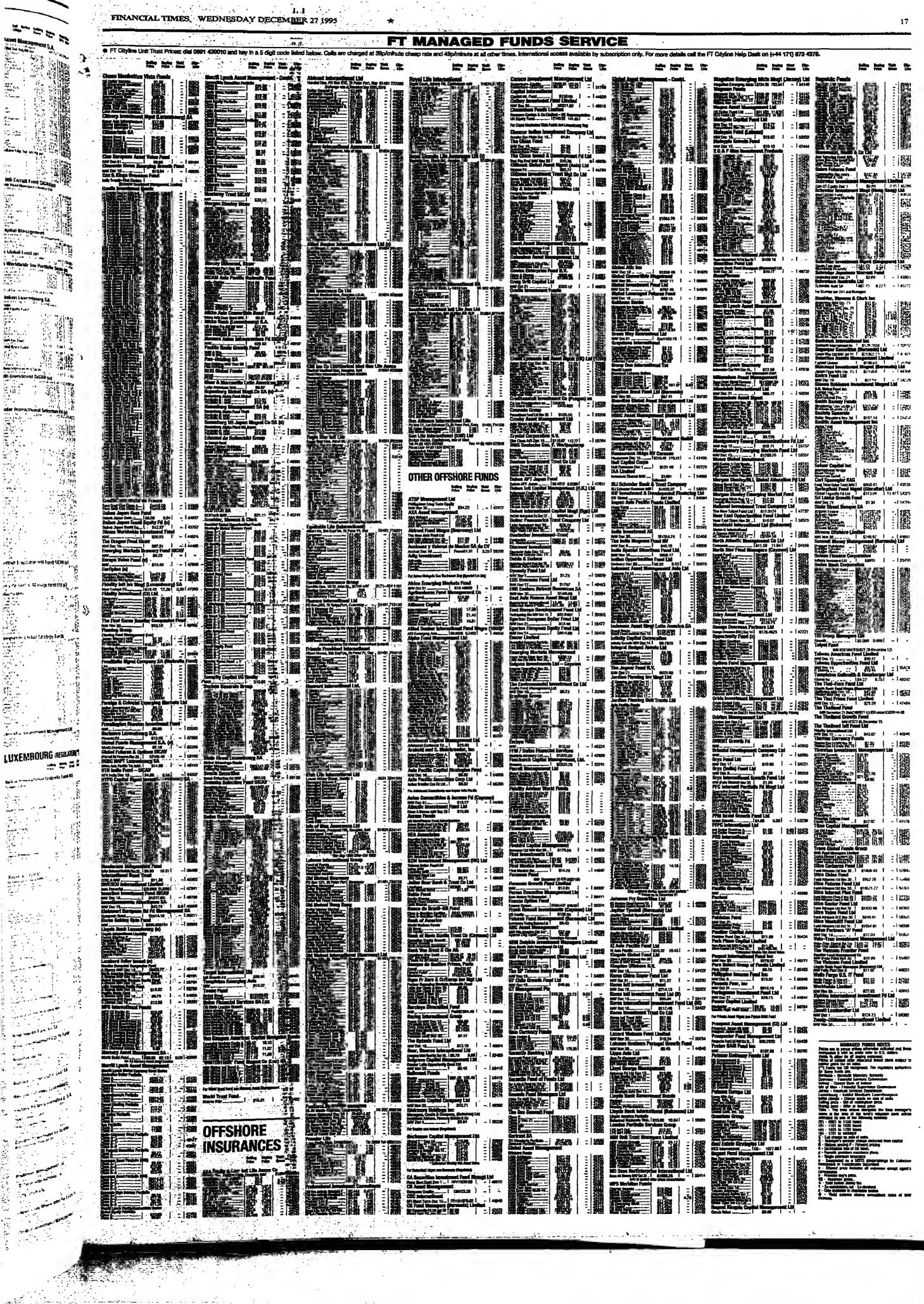
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FINANCIAL TIMES

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FINANCIAL TIMES WEDNESDAY DECEMBER 27 1995

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Dow tops 5,100 again in spite of dull bonds

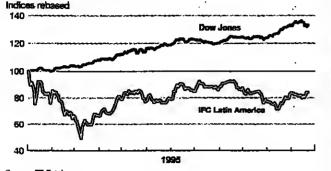
US equities managed a strong partly offset by weakness in morning showing with the Dow back above 5,100, writes Tony Jackson in New York. This was in spite of thin boliday trading and an absence of news on the budget impasse, which in turn led to sluggishness in the bond market.

At 1 pm the Dow Jones Industrial Average was up healtbcare.

The bond market was dull, with the benchmark 30-year Treasury up ¼ point in yield 6.04 per cent. Traders were resigned in a lack of political progress on the budget until later in the week.

Among blue chips, Coca Cola gained \$2% at \$74% on bargain

Latin America and US



13.01 at 5,110.98. The Standard & Poor's 500 rose 2.01 to 613.96 and the American Stock Exchange composite was 0.93 firmer at 542.48, NYSE volume

had reached 116m shares. The Nasdaq composite put on 0.88 at 1,047.77, with a generally good performance among technology stocks

hunting, a rise of 3.3 per cent. The stock had been weak in recent weeks, having peaked above \$80 in mid-December. Also strong was Merrill Lynch,

Aon Corporation, the Chicago insurer, bardened \$15 to \$50% on news of the \$960m sale Company of Virginia to GE Capital, the finance division of General Electric. Aon had said in September that the business was for sale. GE was ahead \$%

Kmart, the troubled retail chain, saw its shares drop \$1/2 to \$6% in heavy volume. This was attributed to press comment querying the ability of Mr Floyd Hall, the new chief executive, to turn the company

Among technology shares, there was a mixed showing from the Internet sub-sector. Spyglass, which provides browser software for the Internet, was \$1 cheaper at \$58%. However, Netscape advanced \$41/4 to \$144.

Healtbcare stocks were weak, with Pacificare Health Systems down \$1 at \$88. St. Jude Medical off \$1% at \$39% and Chiron \$2 lower at \$110. However, the small San Diego drug company Corvas Interna tional bucked the trend with a rise of \$1% to \$6%. Finally, in an unusual

instance of poor Christmas trading from the retail sector, the Texan furniture store chain Pier 1 Imports said that it had lost \$20m through the trading activities of a financial consultant which it bad retained to manage its excess cash. The shares fell \$1 to \$11.

Region strives for high ground

After last Thursday's 15-month closing peak and Friday's profit-taking, MEXICO CITY tried again for new high ground yesterday. But after a token rise of 1.93 in the IPC index to 2,828.60 in early trading, the bourse ran out of steam and, by mid-morning, the key index was 7,17 or 0.25 per cent lower at 2,819.50.

However, traders said that the market was expecting the Mexican central bank to drop its primary interest rate on 28 day Cetes, or Treasury bills, by about 100 basis points and they were still hopeful that the equity market would climb this

FT/S&P ACTUARIES WORLD INDICES

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SAO PAULO, which saw a 2.1 per cent advance last Friday,

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calculated that the market still had a deficit of 0.25 per cent to make up before ending the year with share prices in balance. Traders took the view that mutual funds would go window dressing, and the Bovespa index had put on 85.81 or

BUENOS AIRES stock and bond prices were generally lower at mid-session.

0.2 per cent at 43,518 hy mid-

Some observers blamed concern over the outcome of legislation under consideration; others noted that the market had a week of strong gains ahead of the Christmas boliday, the Merval index rising 8.3 per cent in six sessions and

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closing on Friday at a year's high of \$17.20.

At the half-way mark yesterday, the key index was down 6.65 or 1.3 per cent at 510.55. Both legislative houses in the Argentine government are scheduled to meet today to take up their respective ends of legislation involving the 1996 budget, reform of the federal bureaucracy and changes to the income and value added

CARACAS, active ahead of the boliday on the back of a strong bond market, saw equities at peak levels, and the Merinvest composite index 1.35 higher at 148.49 in post-Christ-

189,91 182,93 172,19 165,86 208,01 198,43 138,21 131,20 148,53 149,07 282,32 271,94 180,86 174,21 173,78 167,39 162,78 156,80 380,22 366,24 250,17 240,98 70,99 68,39 155,51 149,79 489,21 471,23 1684,07 1024,85

499.21 471.23 314.95 1064.07 1024.95 685.02 268.42 258.55 17.2.80 77.96 75.10 50.19 223.44 215.23 143.85 408.35 393.35 262.89 368.70 374.41 250.23 164.14 158.10 105.67 302.06 290.96 194.96 230.58 222.11 148.44 107.80 161.63 108.03 225.09 216.81 144.91 248.80 239.55 160.17

218.55 189.29 257.49 159.48 171.79 233.67 170.23 253.35

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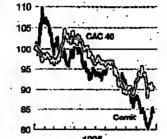
EUROPE

CAC-40 index recedes

Friday's 2.1 per cent rally seemed to leave PARIS short of initiative and the CAC-40 index, an underperformer this year, eased 6.70 to 1,866.67. Turnover fell from FFr3bn to FFr2.24bn, and even this figure was inflated by block trades: inAlcatel, Elf Aquitaine, Genérale des Eaux and Eurafrance. Bouygues followed the previ-

France/Italy

Indices relative to the FT/S&P-A Europe ex UK



ous session's rise of FFr6.60 to FFr489.40 with a gain of 60 centimes to FFr490, although last Friday judicial sources reported that Mr Martin Bouygues, the construction group's chairman, had heen placed under investigation as part of a probe into political pay-offs.

MADRID dried up. Turnover. at Ptall.63bn, hit one of its lowest levels this year as the general index lost 0.26 at 319.64. Cepsa. the secondranked domestic oil group, fell Pta20 to Pta3,235; profits were up 20 per cent, but they had

decelerated since last July.

ISTANBUL dropped and then recovered. On Monday, the market faced an inconclusive election result led by the Islamic Welfare party (RP), and shed 2,753.84 or 6.5 per cent to 39,482.41. Yesterday the talk turned to a coalition which might keep the RP out of power, and the index rallied 2,102.56 or 5.3 per cent to 41.584.97

TEL AVIV focused on smallcapitalisation stocks following Monday's blue chip gains on the Bank of Israel's key interest rate cut. The Misbtanim index. up 1.64 on Monday, added 1.45 at 209.78.

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Nikkei sets another 1995 peak

Tokyo

Small-lot buying by domestic institutions and technical activity supported share prices and the Nikkei average gained ground for the fifth consecutive day, hitting another high for the year, writes Emiko Terazono in Tokyo.

The 235-share index finished with a rise of 129.31 or 0.7 per cent at the day's best of 19,904.72. The day's low was 19.690.55. On Monday, the index movad up 30.99 to 19,775.41 after fluctuating between 19,724.49 and 19,831.31. The Topix index of all first

section stocks rose 3.67 to 1,577.28 after moving up 4.89 the previous day, while the Nikkei 300 index, which advanced 0.54 on Monday, added 0.25 at 296.48. Advances led declines by 677 to 340, with 188 issnes

unchanged. Volume was 380m shares, against 406m. Reports that the postal insur-ance system will be allowed to manage Y1,700bn in the next

increase in the limit for investment of public funds in securities reflected expectations of a stock market recovery in 1996-97; but activity remained subdued as many overseas investors were absent due to the Christmas bolidays. Brokers refrained from trading as yesterday was the last trading

current year, encouraged some

Government officials said the

investors.

day for December settlements. Individual investors dabbled in speculative favourites, with fishery, shipping and coal min-ing stocks gaining ground. Mining issues were bought on hopes that the sodium leakage at Monju, the country's fast breeder reactor, would prompt a rise in coal based power generation. Sumitomo Coal Mining forged ahead Y33 to Y528 and Mitsui Mining Y21 to Y458.

Fishery shares were picked up as laggards. Nippon Suisan gained Y9 at Y420 while, among shipping companies, Showa Line rose Y9 to Y215 and Shinwa Kaiun Y21 to Y405.

Profit-taking depressed

on buying by overseas inves tors. Banks lost ground, with Industrial Bank of Japan off Y10 at Y2,300. Department stocks were also lower, with Mitsukoshi slipping Y3 to Y979 and Takashimaya losing Y10 at Y1,660.

Some small banks, which had been sold on fears of mounting bad loans, were hought back. Nippon Credit Bank appreciated Y50 to Y468 arti Nippon Housing Loan, the

largest housing loan company. firmed Y5 to Y53.

Brokeragas were traded actively on hopes of higher revenues due to the recent rally on the stock market. Yamaichi Securities rose Y20 to Y837 and Nomura Securities moved up Y50 to Y2,310.

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In Osaka, the OSE average pnt on 2.17 at 21,272.93 after rising 94.05 on Monday. Volume totalled 121m shares, against a previous 134.2m.

Combination of ailments hit Seoul

Hong Kong, Sydney, Wellington and Bombay remained closed for Christmas. Elsewhere in the Pacific Basto and on the Indian sub-continent, sentiment was mixed.

Pessimistic views on economic prospects, selling pressure from margin calls and a still unstable political situation were blamed as SEOUL fell 1.9 per cent, the composite index ending 16.74 lower at 876.37.

There was particular weakness among short-term finance and securities stocks. The short-term finance sub-index dropped 71.35 or 5.6 per cent in 1.206.12 and the securities subindex 77.94 or 4.2 per cent to 1,797.55.

Short-term finance issues were hit by rumours that the cash-hungry Woosung Construction was under pressure pay off Won75hn of debt. Woosung ended limit down, off Won330 at Won5,270. After bours, Pohang Iron and

Steel Co (Posco), the world's second largest steel maker. said that a global reduction in demand for steel and cuts in export prices would hurt profits next year, forecasting a 13 per cent net profits fall to Woness Sho on flat sales

TAIPEI's losses intensified in late trade to leave the weighted index 57.91 or 1.1 per cent down at 5,105.37 in slow turnover of T\$36.8bn. Sentiment weakened over a

Taiwan Institute of Economic Research survey which said that more Taiwanese businessmen in manufacturing industry, polled in November. were pessimistic abont Taiwan's economic outlook, compared with a similar survey in October.

However, most brokers said they expected the market to move higher after its current consolidation, especially after the government's decision last week to allow foreign stock investors to take their money freely out of Taiwan.

KARACHI saw heavy institutional buying on Sunday and rose 2 per cent, with brokers expecting some profit-taking yesterday. This was apparent in midsession but, by the end of trading, the KSE 100 index 1,497.48, Dewan Salman, the fibre company, rising PRs0.85 to PRs77.50 on a 30 per cent gain in net profits.

Dealers said institutions of Bi4.5bn. were buying aggressively ahead of their December 31 year-end but that, once again, they expected to see profit-taking today, the last clearing day for 1995 settlement.

JAKARTA closed higher, although most investors kept to the sidelines, and profittaking was noted in some liquid stocks.

The JKSE composite index firmed 2.87 to close at 515.65. Telkom, the most actively traded issue, rose Rp50 to Rp2,925, with some 2m shares changing hands.

MANILA reported quiet trade, and a certain amount of year-end window dressing, as the composite index rose 4.88 to 2,565.53. Brokers said they expected the market to continue moving in a tight range for the rest of the week.

BANGKOK softeoed in thin

volume on profit-taking, an

tight liquidity in the market, brokers said. The SET index finished 2.73 lower at 1,278.94 in turnover

One broker blamed tight liquidity in the money market.

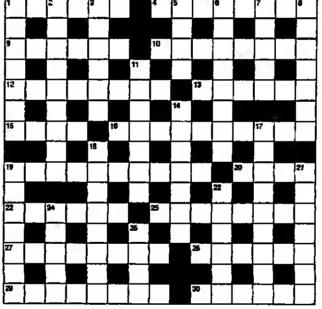
The Thai overnight interbank rate climbed to 13.50 per cent late on Tuesday, from 11.25-11.50 in the morning and from 10.50-10.75 late on Monday. Another said that the announcement early yesterday

that Ekamol Khiriwat had resigned as secretary general of the Securities and Exchange Commission, and the subsequent appointment of the assistant central bank governor, Pakorn Malakul, to succeed him had caused minimal auxiety among investors.

SHANGHAI'S B share index dropped to its second consecutive record low on Christmas day, ending down 0.697 or 1.5 per cent at 47.100. It managed a recovery of 0.151 or 0.3 per cent yesterday to 47.251 but volume. at 1,2m shares worth \$300,000. was the lowest since April 14.

CROSSWORD

No.8,952 Set by ADAMANT



ACROSS I Predictable course of love

- in the woods (6)
 4 Run into officer before noon
- Go to pay attention (6)
- 10 Operated on East Minimus to prevent the disease spreading (8)
- Certificate, the first for a
- negotiator (8) Coming to the publicity opening (6) 15 A child coming over for a
- mango (41 The new chairman's love of drink (10)
- 19 Length of time in the mid-die (10)
- Granny, for example, is a thousand overweight (4) 23 but a bundred in lost
- cause might bring a charge
- 25 Outline for "Arsenic and Old Patchwork"? (8) 27 Politicians accept the
- embassador has personal 24 About to rusb into a list of
- pleasure (6) 29 Have second attempt at
- being fast, yet fragrant (8) 30 Tearaway on railway tube

I Wary of baving protection Frank making a linesman's

- One who sells a number or
- finishes on target (6)
- Soldiers in spectacular mys-tery case (4) 8 Disease might induce a
- change after Europeans say
- Lug up is inside lift (5) A real virtuoso most are
- Body of man in car (7)
- 14 Whimsical Idea to put Sir Tim in the English team?
- Not knowing anything shout canoeing around the river (9)
- A moment before the rest, in disarray, left The Entertainer (8)

 19 The church is more suitable
- for canons (7) 21 You're mad to be off it (7) 22 Not just a brunette (6)
- opinions (8) principles (5)
 28 Ran off in state of sensual 26 But does average persoo swallow Ecstasy? (4)

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Solution and winners of Puzzle 8,941 Mrs L.J. Macarthur, Clifton, Bris-Mrs H. Bailey, Snape, Suffolk Mrs S. Farquhar, Woodley, Read-R.E. Hurst, Weatherby, W. Yorks H.W. Laughland, Chalfont St Glles, R. Pearce, London W14

Solution to the Christmas Crossword on Saturday January 6.

U.S. \$150,000,000 Financière CSFB N.V.

Junior Guaranteed Undated Floating Rate Notes Guaranteed on a subordinated basis

Financière Crédit Suisse-First Boston

as to payment of principal and interest by



Interest Rate Interest Period

27th March 1996

Interest Amount due

5.8125% per annum 27th December 1995 27th March 1996

per U.S. \$ 5,000 Note U.S. \$73.46 per U.S. \$100,000 Note U.S. \$1,469.27 CS FIRST BOSTON



HYUNDAI

US\$100,000,000 Floating Rate Notes due 1997

June 24, 1996 (185 days)

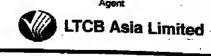
6% per annum

accordance with the provisions of the Floating Rate Notes, notice is hereby given as follows

nterest Period : December 22, 1995 to

Rate of Interest:

Coupon Amount US\$1,541.67 (per note of US\$50,000) US\$15,418.67 (per note of US\$500,000)





Floating Rate Notes due 2000 In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 27th December, 1995 to 27th June. 1996 the Notes will carry an interest rate of 5.5625%

per annum. The interest payable on the relevant interest payment date, 27th June, 1996 will be U\$\$282.76 per U\$\$10,000 Note and U\$\$7.069.01 per U\$\$250,000 Note. Istituto Bancario San Paolo di Torino, London 27th December, 1995